

**Appendix 4E
Final Report
For the year ended 30 June 2020
Date: 13 August 2020**

Results for announcement to the market

Financial Results	30 June 2020 \$	30 June 2019 \$	Change %*
Net revenue from ordinary activities	(\$22,140,068)	\$9,274,514	n/a
(Loss)/profit from ordinary activities after tax attributable to members	(\$18,671,899)	\$2,882,539	n/a
(Loss)/profit for the year attributable to members	(\$18,671,899)	\$2,882,539	n/a

* Note: A loss from ordinary activities was recorded, accordingly no % change is shown.

Net Tangible Asset ("NTA") Backing Per Share	30 June 2020 \$	30 June 2019 \$	Change %
NTA before tax accruals	1.1473	1.3179	(12.94%)
NTA after tax (excluding Deferred Tax Asset - "DTA")	1.1587	1.2528	(7.51%)
NTA after tax excluding DTA (2020 adding the September 2019 dividend of 2.0 cents per share, and March 2020 dividend of 2.0 cents per share)	1.1987	1.2528	(4.32%)

Dividends:

On 13 August 2020, the Directors declared a fully franked final dividend of 2.5 cents per share (June 2019: 2.0 cents per share) which will be paid on 8 October 2020. The Ex-Dividend date is 2 September 2020 and the Record Date is 3 September 2020.

The amount of the proposed fully franked final dividend, which is not recognised as a liability as at 30 June 2020, is \$8,854,389 (June 2019: \$7,040,414).

The Dividend Reinvestment Plan ("DRP") will operate in conjunction with this dividend. The last date for receipt of an election notice in respect of this dividend is 4 September 2020. No discount will be offered on the Dividend Reinvestment Plan in respect of this dividend.

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Details of any dividend or distribution reinvestment plans in operation:

On 9 February 2016, PM Capital Global Opportunities Fund Limited ("the Company") introduced a Dividend Reinvestment Plan ("Plan"). The Plan will allow eligible shareholders to re-invest their future dividends (as may be declared from time to time) into the Company's shares.

Participation in the Plan is voluntary. If shareholders elect to participate in the Plan now, they may vary or cancel their participation in the future in accordance with the terms and conditions of the Plan.

Eligible shareholders are shareholders with a registered address in Australia.

For those that have not already elected to participate in the Dividend Reinvestment Plan, the application form must be received by the share registry no later than the next business day after the record date for that dividend (or a later date approved by the company).

Details of the Plan can be found on the Company's website (under ASX announcements):

<http://www.pmcapital.com.au/pgf/compliance>

Entities over which control has been gained or lost during the period:

During the period, the Company deregistered its wholly owned subsidiary PM Capital GO 2025 Limited on 13 February 2020.

Details of associates and joint venture entities

None.

To find out more about PM Capital Global Opportunities Fund Limited, please visit the Company's website:

<http://www.pmcapital.com.au/listed-investment-company/pgf>



PM Capital

GLOBAL OPPORTUNITIES FUND LIMITED

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Annual Report

For the year ended 30 June 2020

PM Capital Global Opportunities Fund Limited

ACN 166 064 875

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CHAIRMAN'S REPORT

- **Final dividend 2.5 cents fully franked (+25% on interim dividend)**
- **Gross dividend yield (including franking) = 7%**
- **Equal Access Buy-Back**
- **Record valuation dispersion between momentum and value segments of the equity market provide significant long term opportunity**

Dear Shareholders,

The 2020 financial year was unprecedented on a number of fronts, most particularly the COVID-19 pandemic that had (and continues to have) major effects on the health and wellbeing of the global population, the real economy and financial markets.

In this environment, it was a difficult year for not only the PM Capital Global Opportunities Fund Limited ("the Company"), but for long term value oriented investment managers in general. Portfolio returns net of fees and expenses were -6.4%¹ for the financial year compared to the MSCI World Net Total Return Index (expressed in Australian dollars) ("MSCI") of 4.82% and the local S&P/ASX 200 Accumulation Index of -7.68%.

While the Company's portfolio has been subject to the short term movements of its stocks, it is important to contextualise this within:

- the Company's stated objective: *"to provide long-term capital growth over a seven-year plus investment horizon through investment in a concentrated portfolio of global (including Australian) equities and other investment securities which the Manager considers to be undervalued."*,
- the Investment Manager's, PM Capital Limited, 22-year track record of generating material long term value add in its global equities strategy (+9.33% p.a.) relative to the MSCI (+4.95% pa)²; and
- The increased conviction post COVID-19, that the Investment Manager's CIO, Paul Moore, has in markets facing a major secular shift in the types of business that will generate appropriate returns for investors over the next decade. I recommend to you the Portfolio Managers Report within this annual report whereby Paul Moore details his perspectives.

From an operation perspective, the pandemic demonstrated the effectiveness of Company's operational risk management protocols. As a board we have:

- Ensured all operations of the Company are continuing uninterrupted and processes are in place to mitigate any further pandemic related lock-down directives,
- Sought confirmation that all of our suppliers, including the Investment Manager, are working in a COVID-19 safe environment; and
- Increased communications with the Investment Manager to ensure we are kept abreast of any relevant developments.

Financial Results and Capital Management

For the year ended 30 June 2020, the Company reported a loss before tax of (\$28.1) million and loss after tax of (\$18.7) million. Loss per share was 5.3 cents. Taxable income for the year was \$25.6 million – driven by \$22.2 million of realised gains on sale of securities and \$8.7 million of dividends.

On 26 September 2019, the Company paid a final dividend relating to the 2019 year of 2.0 cents per share fully franked (amounting to \$7,040,414). On 26 March 2020, the Company paid an interim 2020 dividend of 2.0 cents per share fully franked (amounting to \$7,059,705).

¹ Before tax, after all fees and expenses, adjusted for capital flows associated with the payment of dividends, share issuance as a result of the dividend reinvestment plan, and including the value of franking credits. If capital flows are ignored and one simply adds to the 30 June 2020 NTA the dividends paid, the decrease over the 30 June 2019 NTA before tax accruals was -8.6%; and the decrease in NTA after tax was -4.3%

² Since inception after fee return of the PM Capital Global Opportunities Fund from 28 October 1998 to 30 June 2020 adjusted to reflect PGF's fee structure. Source PM Capital Limited.

We are pleased to announce a final 2020 dividend of 2.5 cents per share fully franked. The Record date for the final 2020 dividend is 3 September 2020 and it will be paid on 8 October 2020. This represents a 25% increase over last year's final dividend. Together, this final dividend and the interim dividend represent an attractive gross dividend yield of 7.0%³.

As a board and in our communications with our Investment Manager we are constantly considering ways to maximise long term shareholder value. PM Capital has been actively promoting the Company and continues to focus on communications and engagement with the market generally. Numerous investment manager insight and portfolio positioning articles, reports and videos have been made available for investors through the year. These are available at pmcapital.com.au.

We are also conscious of the discount to NTA at which the Company's shares (and the International Equities LIC sector in general) have been trading and are constantly considering the merits of various capital initiatives. Consistent with prior communications, we reiterate that any capital initiative must be undertaken prudently and with due consideration to the production of positive short and long term outcomes for the Company and its shareholders.

To give our long term shareholders more choice in realising some of the value of the Company, we are announcing that the Company intends to undertake an Equal Access Buy Back Offer for 5% of each shareholder's shares at a 5% discount to the after-tax NTA (excluding deferred tax assets). Details of the proposed buyback will be sent out to shareholders in due course. For a summary of key dates please refer to the separate buyback announcement and Appendix 3C.

For the Company, the buyback is expected to be modestly accretive to NTA per share.

In conclusion,

It is rare that markets provide such a contrast in valuation between different types of business and the manager is deliberately in those value and cyclical opportunities that it believes is now in the very early stages of evolving and will play out over the next decade.

With a gross dividend yield of 7%, a buyback of 5% of shareholder's shares at a 5% discount to NTA, accretion from any closing of the discount to NTA over time, and a portfolio of stocks that are focused in the value and cyclical sectors of the market that are selling at record relative valuation discounts, we believe that the Company provides a compelling long term opportunity (especially in a world of sub-1% term deposit rates).

The Company expects to shortly distribute the Offer documentation and I encourage shareholders to consider the Offer carefully and to seek professional advice on their individual circumstances.

The board and management team look forward to further discussing the results presented in this Report and to meeting with shareholders at the Annual General Meeting.



Chris Knoblanche AM
Chairman
13 August 2020

³ Based on latest final and interim dividends including franking and using the 31 July 2020 closing share price of \$0.92.

PORTFOLIO MANAGER'S REPORT

"There are decades where nothing happens; and there are weeks where decades happen."

Vladimir Lenin

Dear investor,

Financial year 2020 in global markets featured three distinct periods. The first half of the year saw the momentum behind stocks offering high growth potential continue (in an ultra-low interest rate environment), highlighted by the strength in tech-related stocks such as Facebook, Apple, Amazon and Microsoft. I discussed in last year's report that the valuations between them and the rest of the market were stretched. The elastic became even more taut in 2020.

The next period covering the months of December, January and February saw what I'd describe as the commencement of a rational market rotation into under-priced quality industrial and cyclical 'value' stocks. The significant discrepancy in valuations between growth and value began to reduce – albeit slowly. It seemed that our investment thesis was coming to the fore, assisting the performance of the stocks in our portfolio. Many growth stocks trod water with the market focused on the three 'T's of Tech, Trade, and Trump.

The final period saw the three 'T's pushed aside by the global COVID-19 pandemic. As we now all know, while principally causing the tragic deaths of hundreds of thousands, and illness of millions, around the world, the novel coronavirus has also affected every level of economic activity: from individual lock-downs; to the closure of state and international borders; to businesses having to either stop operations or move to work from home; to the ceasing of most international business and recreational travel. There has never been a pandemic that has resulted in such a rapid and globally synchronised economic shutdown.

Markets reacted accordingly, registering the fastest technical bear market in history as investors looked for the safety of bonds and bailed out of stocks deemed most leveraged to the global economy. This included some of the stocks held in our portfolio, particularly in financial services and building. Markets hit their low point on March 23 when peak fear was met by the peak fiscal and monetary response associated with governments' 'whatever it takes' policies. At the time of writing, many market indices have returned to their highs, or are close to them.

In this highly volatile environment, the Company's portfolio total return⁴ for financial year 2020 was -6.4%, (following on from 35.3% in 2017, 16.6% in 2018 and 0.6% in 2019). Since inception, the Company's performance^{5,3} has been a total 66.9%, or 8.1% per annum.

At this juncture I would remind you of what I see as the key investment and market points stemming from the crisis markets:

1. Short term, the market has followed a typical post-crisis path

Markets have followed a typical post-crisis path. All stocks are sold heavily, reach a low, then those stocks showing extraordinary growth or defensive positioning recover quickly. In this case, the technology stocks such as Amazon, Apple, Facebook and Microsoft were purported to show both of these positive attributes, retaining their growth potential, while also benefiting from investor fears that the rest of the 'real' economy will be impacted heavily by the COVID-19 shutdown.

⁴ Before tax, after all fees and expenses, adjusted for capital flows associated with the payment of dividends, share issuance as a result of the dividend reinvestment plan, and including the value of franking credits. If capital flows are ignored and one simply adds to the 30 June 2020 NTA the dividends paid, the increase over the 30 June 2019 NTA before tax accruals + franking credits is -6.0%; and the NTA after tax is -4.3%.

⁵ Performance adjusted for capital flows associated with the payment of dividends, share issuance as a result of the reinvestment plan and option exercise, and including the value of franking credits. Inception price is the office price of \$1.00.

On the surface, it can appear that there has been a disconnect between the performance of the markets, returning as they have close to or at record highs, versus the challenging macro environment. In certain cases that is correct, particularly in the areas of the market deemed as high growth, and, given their size within the major market indices, those indices have moved higher as well.

However, to say a “V”-shaped recovery has been priced in across the market breadth is incorrect. The most macro-sensitive stocks still remain well below their calendar 2020 highs. In our case this refers to US and European bank holdings. As at June 30, Bank of America was trading 33% lower than where it started 2020, and JP Morgan similarly down 34%. Commodity-based stocks such as Royal Dutch Shell have struggled to recover from the March lows and it is still down some 46% from the beginning of the year. On this basis, significant economic uncertainty is still being priced into markets, but it is being obscured by investors’ interest in the tech stock complex known more generally as FAANG+M.

2. March 2020 was a rare investment opportunity

We believe that March was probably the bottom in the markets, with “peak fear” crossing over with a “peak response” from government authorities. This, I believe, created another one of those very rare investment opportunities, which tend to come around every 10 years. For example, we had the 1987 crash which left companies like Coca-Cola selling on a quite extraordinary price to earnings ratio (P/E) of 10. We had the TMT period around 1999, where the old economy was selling on single digit PEs. Then in 2009 we had the post-GFC environment, which produced, as I said at the time, a once in a lifetime opportunity in credit, and a once in a generation opportunity in equities.

And so we come to the COVID-19 period, where, 11 years after the GFC, I believe there was a once in a lifetime opportunity in those cyclical sectors of the market that were most impacted by the shutdown of many parts of the economy. This opportunity should not be discounted in terms of the quantum of gains we may be able to source. Post-1987, Coca-Cola traded sideways for about a year, but then proceeded to rise by 20 times over the next 30 years.

I am not saying that our quality industrial and cyclical stocks, either ones that we have held for some time or our more recent purchases, will rise by that amount, but just to point out that: a. gains can be significant; and b. the market actually gives you an opportunity after these big downturns to buy what can be very discounted valuations. The same was true with BHP in the post-TMT period, and the global franchises like Visa in the post-GFC period. Now, we are again at what I believe to be a major secular shift in the performance of different types of businesses in the market and which ones will generate an appropriate return for investors over the next decade. For example, commodity stocks are close to an all-time relative valuation low compared to the rest of the market.

Copper and gold miner Freeport-McMoRan is an illustration of a stock in this sector that is showing a wide valuation disparity with the market. It has one of the highest quality, low cost, long life, copper and gold ore bodies in the world. However, at the trough price of March the company was selling at approximately an 18% free cashflow yield based on the then distressed copper price of \$2.30. Freeport has recovered but at the time of writing was on a 12.7% free cashflow yield assuming the current copper price of \$2.90. Compare that to bonds yielding close to 0%.

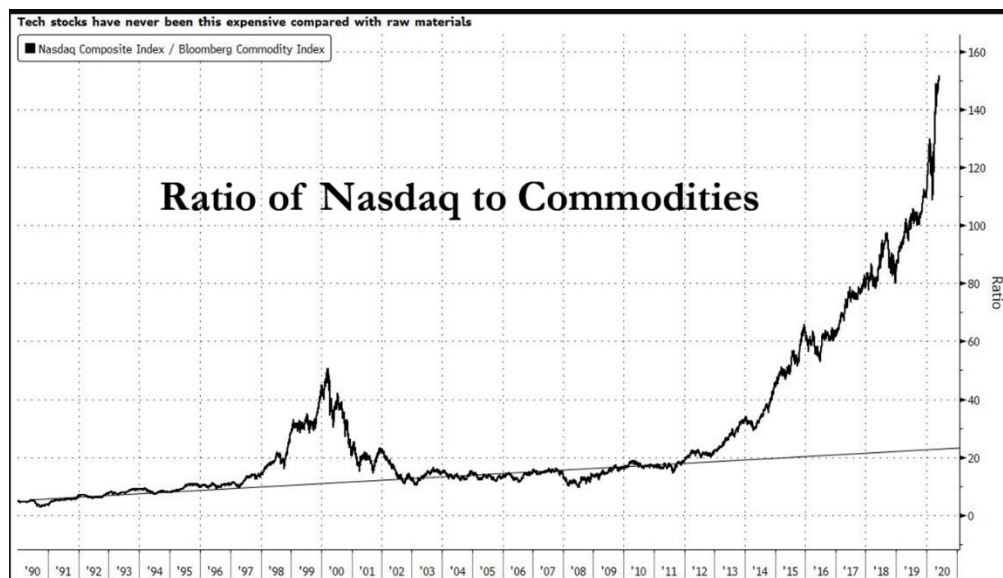
3. Valuation, not macro, is the issue and always is

It is easy at these times of crisis to concentrate on macro issues. When will we come out of the pandemic? When will a vaccine become available? When will global borders re-open to the same extent that they were? When will job markets normalise? Such questions, although valid, to my mind are very difficult to accurately forecast. Instead, we are concentrating as we have always done – on individual valuations and their validity in a long term context.

Referring again to Freeport-McMoRan, if an investor is receiving a 9% free cashflow yield in an environment where investors were pricing in an economic shut-down, then we are getting paid to wait. If the macro environment does improve, and copper goes to \$3.50-\$4, then on the current valuation it is trading at a very attractive 40% free cashflow yield. So in this context the macro situation is more a distraction, creating the opportunity to buy businesses at such reasonable levels.

Portfolio

Portfolio construction has been centred on two factors. Firstly, the record low valuation in the more cyclical/ industrial sectors of the market versus growth stocks. For example, the ratio of tech stocks to commodity prices is now far higher than at the time of the Global Financial Crisis, and versus the rest of the market commodity companies are trading in the bottom quartile of valuations – a rarely seen event.



The other key point that is framing our long term investment is our belief that not only are we at the end of the bull market in interest rates, but we are at the turning point in inflation. About 40 years ago when we had double digit inflation, it would have been ill-advised to suggest that one day we will have negative interest rates. However, government action and economic events have made that a reality.

We are now in a position where monetary authorities are pledging to kill deflation, while government fiscal policies are running significant debt funded stimulus around the world as they attempt to shore up economic activity. Inflation is unlikely to appear in the immediate future, but to me we are at the start of the turning point which precipitates the re-emergence of inflation.

In terms of portfolio activity, prior to COVID-19 we had reduced our net invested position to 81% as some of our investments were starting to sell at the lower end of our exit price range. With the sudden decline in markets we have increased our invested position to approximately 90%.

The largest movement in the portfolio has been in the expansion of positions in the materials sector, including Freeport-McMoRan (copper), Newmont Mining (gold), Teck Resources (copper and zinc) and Boliden (zinc). We also increased our positions in quality industrial stocks like Siemens and re-established a position in Alphabet (Google) a globally dominant franchise.

For more on these stocks, for example new holdings copper/ gold miner Freeport-McMoRan and gold producer Newmont Corporation, please see the “Insights” section of our website.

We used the weakness in the Australian Dollar in early 2020 to increase our exposure here, giving us some protection from the appreciation of the AUD in the fourth quarter of FY2020.

In conclusion

What is clear to me is that when you look at valuation metrics at the end of March, it would appear to have been a once in a lifetime opportunity in quality cyclical and industrial stocks with the upside return possibility equal to or greater than what I saw post-GFC with the market in general.

We feel the pandemic has not simply delayed our thesis, but the fiscal and monetary actions will have the effect of essentially making the thesis inevitable. The unknown factor is the timing. In the short-term, behavioural biases have not declined and their effects will be exaggerated by the weight of the index funds. This is why it is so important to have a longer time horizon so as to let the thesis play out to its full extent and in doing so profit from it. It is amazing how often - if one has patience - the conventional "wisdom" proves itself to be wrong.

For more information on PGF's investment performance, holdings, commentaries and views, I would encourage you to visit our website – www.pmcapital.com.au.



Paul Moore
Portfolio Manager of PM Capital Global Opportunities Fund Limited
PM Capital Limited
13 August 2020

LIST OF INVESTMENTS HELD AS AT 30 June 2020

Investment	Market Value \$
Equity Securities	
Apollo Global Management	23,704,784
Freeport-McMoran Copper	23,424,217
Bank of America Corp	18,811,690
MasterCard Inc	18,786,077
KKR & Co	18,621,649
Visa Inc-Class A Shares	18,565,082
Siemens AG	15,790,698
Oracle Corp	15,669,868
JP Morgan Chase	14,617,894
Caixa Bank SA	11,441,447
Lloyds Banking Group PLC	11,341,962
Howard Hughes Corp	11,318,083
Ares Management	10,972,423
Sands China	10,302,373
ING Groep NV	10,012,106
Wells Fargo & Company	9,829,917
Teck Resources Ltd	9,493,975
Truist Financial Corp	9,447,656
Cairn Homes PLC	9,354,171
Royal Dutch Shell PLC	9,260,962
Glenveagh Properties PLC	8,808,085
Deutsche Boerse AG	8,800,099
AIB Group PLC	8,556,383
Alphabet Inc Class C	8,438,543
Neinor Homes SA	8,047,811
Wynn Resorts Limited	7,512,292
PM Capital Asian Opportunities Fund Limited	7,186,936
MGM China Holdings Ltd	6,829,279
AEDAS Homes	6,246,335
Boliden AB	6,064,685
Applus Services SA	5,756,868
Southern Copper Corporation	5,536,435
First Quantum Minerals	4,615,367
Newmont Mining Corp	4,483,660
Antofagasta PLC	4,310,407
Agnico-Eagle Mines	4,299,514
Nokia OYJ	4,241,004
Barrick Gold	3,350,055
Bank of Ireland Group PLC	2,982,379
Nutrien Ltd	2,835,773
Zardoya Otis SA	2,761,993
SPIE SA	1,737,135

LIST OF INVESTMENTS HELD AS AT 30 June 2020 (CONTINUED)

Investment	Market Value \$
<u>Equity Securities (continued)</u>	
Icar Asia Limited	1,616,841
MMC Norilsk Nickel PJSC-ADR	90,979
Procter & Gamble Co	(3,236,292)
Wendy's Company	(3,645,342)
General Mills Inc	(3,739,742)
Campbell Soup Company	(4,236,391)
McDonald's Corporation	(4,584,287)
Kimberly-Clark Corp	(5,779,234)
<u>Hybrid Securities</u>	
National Australia Bank Limited Hybrid Securities (Floating Rate)	15,654,683
<u>Debt Securities</u>	
NEXTDC Limited Notes III (Fixed Rate)	7,565,592
<u>Cash & Other Securities</u>	
Total Cash assets (per note 3 to the financial statement)	4,885,028
Currency forward contracts	6,333,179
Collateral Accounts	5,759,864
Futures & Options	(1,726,530)
Swaps	(204,833)
Total Interest bearing liabilities (per note 3 to the financial statements)	(27,390,792)
	391,530,795

CORPORATE GOVERNANCE

The Company's corporate governance statement can be found on our website at the following location:
<http://www.pmcapital.com.au/pgf/compliance>

DIRECTORS' REPORT

The directors submit the financial report of PM Capital Global Opportunities Fund Limited ("the Company") for the year ended 30 June 2020.

Directors' Experience and Other Directorships

The following persons were directors of the Company during the whole of the financial year and up to the date of this report (unless otherwise indicated):

Chris Knoblanche AM B.Com, CA, FCPA (appointed 4 July 2019)

Chairman and Independent Non-executive Director

Member of the Audit Committee

Member of the Nomination and Corporate Governance Committee

Mr Knoblanche has over 35 years experience in the financial markets in corporate strategy, financing, risk control and management. Mr Knoblanche's previous executive experience includes serving as Managing Director and Head of Citigroup Corporate and Investment Banking Australia & NZ, partner in Caliburn (now Greenhill Investment Bank) and CEO of Andersen Australia and Andersen Business Consulting — Asia.

Mr Knoblanche is currently the Non-executive Chairman of iSelect, and a Non-executive Director of Latitude Financial, Environment Protection Authority of NSW and PM Capital Asian Opportunities Fund Limited. Boards on which Mr Knoblanche has previously served include: Aussie Home Loans Limited; Greencross Limited; The Australian Ballet; and Australian Business Arts Foundation.

Mr Knoblanche holds a Bachelor of Commerce (Accounting and Financial Management) and is a member of Chartered Accountants Australia and New Zealand (CA) and Fellow of the Australian Society of CPA's (FCPA). In 2014 Mr Knoblanche was awarded an Order of Australia (AM) for significant service to arts administration, the community and the business and finance sector. In 2000 Mr Knoblanche was awarded the Centenary Medal by the Australian Government for services to the arts and business.

Brett Spork B.Bus

Independent Non-executive Director

Chairman of the Nomination and Corporate Governance Committee

Chairman of the Audit Committee

Mr Spork has over 27 years' experience in the financial markets industry as a trader, advisor and senior manager, both within Australia and overseas. He currently provides consulting services to a broad range of financial institutions. Such consulting services comprise the provision of commercial, business development and regulatory advice. Previously, Mr Spork was the Chief Executive Officer of InvestorFirst Limited and BTIG Australia Limited.

During the period 2002 to 2006, Mr Spork was the Chief Executive Officer of E*Trade Australia Limited. Before joining E*Trade Australia Limited, he worked at Macquarie Bank for 14 years, the latter part as an Executive Director of Macquarie Financial Services. Mr Spork also serves as a director of Clime Capital Limited, and as Chairman and Non-executive Director of PM Capital Asian Opportunities Fund Limited.

Mr Spork holds a Bachelor of Business from the Queensland University of Technology. In 2004, he was recognised by the Australian Stockbrokers Foundation and admitted to its "Hall of Fame".

DIRECTORS' REPORT (CONTINUED)

Directors' Experience and Other Directorships (continued)

Ben Skilbeck B.Eng (Hons), B.Comm

Executive Director

Member of the Audit Committee

Member of the Nomination and Corporate Governance Committee

Mr Skilbeck has over 24 years' experience in financial markets. He joined the Investment Manager of the Company in February 2015 as the Chief Executive Officer ("CEO") and is responsible for implementing and contributing to the determination of the operational and strategic objectives of the Investment Manager's business. Mr Skilbeck has an Investment Banking background, having worked in both Australia and the US with Merrill Lynch and Credit Suisse, where he focused on mergers and acquisitions and corporate finance advisory.

Before joining the Investment Manager Mr Skilbeck was most recently the CEO of Rismark, a provider of quantitative research solutions and synthetic equity exposures over the Australian residential property sector.

Mr Skilbeck is also a Director of PM Capital Limited, and Director of PM Capital Asian Opportunities Fund Limited. Mr Skilbeck attended the University of Melbourne and holds a Bachelor of Engineering (with Honours) and a Bachelor of Commerce.

Richard Matthews B.Sc, B.A, B.Ec, Grad Dip AppFin (Corporate Finance), MPA

Company Secretary

Alternate Director for Ben Skilbeck

Mr Matthews is PM Capital Limited's Chief Operating Officer, Head of Risk and Compliance and Company Secretary. He has over 20 years' experience in investment banking and funds management including as a Director and Chief Operating Officer of Aurora Funds Management, and a senior manager of equity capital markets at Challenger Financial Services. His overall experience includes funds management administration, establishing and administering listed/traded and unlisted investment schemes, managing equity capital market issues and/or equity swaps, and other specialised corporate structured products.

Mr Matthews is also the Alternate Director for Mr Ben Skilbeck, and Company Secretary, and for PM Capital Asian Opportunities Fund Limited.

Mr Matthews holds the degrees of Bachelor of Science, Bachelor of Arts, and Bachelor of Economics, as well as a Graduate Diploma in Applied Finance (Corporate Finance) and a Masters of Professional Accounting.

DIRECTORS' REPORT (CONTINUED)

Attendance at Meetings

Board of Director Meetings

Director	Meetings Held and Entitled to Attend*	Meetings Attended*
Chris Knoblanche	7	7
Brett Spork	8	8
Ben Skilbeck	8	8
Andrew McGill (resigned 15 August 2019)	2	2

* In addition, 3 circular resolutions were made.

Nomination and Corporate Governance Meetings

Director	Meetings Held and Entitled to Attend	Meetings Attended
Chris Knoblanche	3	3
Brett Spork	3	3
Ben Skilbeck	3	3
Andrew McGill (resigned 15 August 2019)	1	1

Audit Committee Meetings

Director	Meetings Held and Entitled to Attend	Meetings Attended
Chris Knoblanche	4	4
Brett Spork	4	4
Ben Skilbeck	4	4
Andrew McGill (resigned 15 August 2019)	2	2

DIRECTORS' REPORT (CONTINUED)

Directors' Interests in Shares and Options

The relevant interests of the Directors and their related entities in the Securities of the Company as at 30 June 2020 were as follows:

Director	Number of Shares	Number of Options
Chris Knoblanche	25,000	-
Brett Spork	15,000	-
Ben Skilbeck	100,000	-
Richard Matthews	86,283	-

The relevant interests of the Directors and their related entities in the Securities of the Company as at 30 June 2019 were as follows:

Director	Number of Shares	Number of Options
Andrew McGill (resigned 15 August 2019)	200,000	-
Brett Spork	15,000	-
Ben Skilbeck	100,000	-
Richard Matthews	86,283	-

Principal Activities of the Company

The Company is a listed investment company established to invest predominantly in a concentrated portfolio of listed securities across global securities markets (including Australia). The Company's investment objective is to increase the value of its portfolio by providing long term capital growth.

Review of Operations

The performance of the Company, as represented by the results of its operations, was as follows:

	2020 \$	2019 \$
(Loss)/Profit before Income Tax	(28,137,929)	2,381,201
Income Tax Benefit	9,466,030	501,338
(Loss)/Profit for the year attributable to Shareholders	(18,671,899)	2,882,539

Please refer to the Statement of Profit or Loss and Other Comprehensive Income for further details.

The invested position of the Company is recognised on the Balance Sheet as follows:

	2020 %	2019 %
Equity Securities	97.2 %	97.9 %
Hybrid Securities	4.0 %	3.4 %
Debt Securities	1.9 %	4.2 %
Currency Forward Contracts	1.6 %	0.0 %
Collateral Accounts	1.5 %	0.8 %
Financial liabilities at fair value through profit or loss	(0.5)%	(0.3)%
Cash and cash equivalent assets and interest bearing liabilities	(5.7)%	(6.0)%

DIRECTORS' REPORT (CONTINUED)

Dividends

On 13 August 2020, the Directors declared a fully franked final dividend of 2.5 cents per share (June 2019: 2.0 cents per share) which will be paid on 8 October 2020. The Ex-Dividend date is 2 September 2020 and the Record Date is 3 September 2020.

The amount of the proposed fully franked final dividend, which is not recognised as a liability as at 30 June 2020, is \$8,854,389 (June 2019: \$7,040,414).

The Dividend Reinvestment Plan ("DRP") will operate in conjunction with this dividend. The last date for receipt of an election notice in respect of this dividend is 4 September 2020. No discount will be offered on the Dividend Reinvestment Plan in respect of this dividend.

Details of the Plan can be found on the Company's website: <http://www.pmcapital.com.au/pgf/compliance>

A fully franked interim dividend of 2.0 cents per ordinary share, amounting to \$7,059,705, was paid on 26 March 2020.

Net Assets

As at 30 June 2020 the net assets of the Company were \$410,436,327 (2019: \$441,075,789). Please refer to the Statement of Financial Position for further details.

State of Affairs

During the financial year there was no significant change in the state of affairs of the Company.

Events Subsequent to Balance Date

The Company intends to undertake an Equal Access Buy Back Offer for 5% of each shareholder's shares at a 5% discount to the after-tax NTA (excluding deferred tax assets). Details of the proposed buyback will be sent out to shareholders in due course. For a summary of key dates please refer to the separate buyback announcement and Appendix 3C.

Other than the above, no matter or circumstance has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the Company, the result of those operations or the state of affairs of the Company in subsequent financial years.

Likely Developments

The Company will be managed in accordance with the Constitution and investment objectives as detailed in the Prospectus dated 18 November 2013.

Indemnification of Officers

The Company has indemnified directors and officers for any actions that may arise as a result of acting in their capacity as directors and officers of the Company in respect of:

- a) Liability to third parties when acting in good faith; and
- b) Costs and expenses of defending legal proceedings and ancillary matters.

The terms of the policy preclude disclosure of the premium.

Environmental Regulations

The Company's operations are not subject to any significant environmental regulations.

DIRECTORS' REPORT (CONTINUED)

Proceedings on behalf of the company

There are no proceedings that the directors have brought, or intervened in, on behalf of the Company.

Non-Audit Services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 8(b) to the financial statements. The directors are satisfied that the provision of non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under *Section 307C* of the *Corporations Act 2001* is set out on page 17.

Remuneration Report

This remuneration report sets out information about the remuneration of the Company's directors for the year ended 30 June 2020, under the requirements of *Section 300A(1)* of the *Corporations Act 2001*.

Key management personnel

The directors and other key management personnel of the Company during the whole of the financial year (unless otherwise stated) were:

Chris Knoblanche – Chairman and Independent Non-executive Director (appointed 4 July 2019)
 Brett Spork – Independent Non-executive Director
 Ben Skilbeck – Executive Director
 Richard Matthews – Alternate Director for Ben Skilbeck
 Andrew McGill – Independent Non-executive Director (resigned 15 August 2019)

Directors' Remuneration

The Company has a Nomination and Corporate Governance Committee which reviews and advises the Board on the composition of the Board and its committees.

Directors' remuneration received or receivable for the year ended 30 June 2020 was as follows:

Director	Directors' fees \$	Superannuation \$	Total \$
Chris Knoblanche	39,674	-	39,674
Brett Spork	31,963	3,037	35,000
Ben Skilbeck	-	-	-
Richard Matthews	-	-	-
Andrew McGill (resigned 15 August 2019)	5,608	438	6,046
	<u>77,245</u>	<u>3,475</u>	<u>80,720</u>

Directors' base fees are limited in the Constitution to a maximum of \$250,000 per annum.

DIRECTORS' REPORT (CONTINUED)

Remuneration Report (continued)

Directors' Remuneration (continued)

Directors' remuneration received or receivable for the year ended 30 June 2019 was as follows:

Director	Directors' fees \$	Superannuation \$	Total \$
Andrew McGill (resigned 15 August 2019)	36,530	3,470	40,000
Brett Spork	31,963	3,037	35,000
Ben Skilbeck	-	-	-
Richard Matthews	-	-	-
	<u>68,493</u>	<u>6,507</u>	<u>75,000</u>

Ben Skilbeck is the Chief Executive Officer of the Investment Manager and Richard Matthews is the Chief Operating Officer, Head of Risk and Compliance and Company Secretary of the Investment Manager. They are remunerated by the Investment Manager and are not entitled to a director's fee or any other form of remuneration from the Company.

Signed at Sydney this 13th day of August 2020, in accordance with a resolution of the Board of Directors by:



Chris Knoblanche AM
Chairman

Auditor's Independence Declaration

To the directors of PM Capital Global Opportunities Fund Limited:

As lead auditor for the audit of the financial report of PM Capital Global Opportunities Fund Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.



Sydney, NSW
13 August 2020

S Grivas
Partner

hlb.com.au

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HLB Mann Judd (NSW Partnership) is a member of HLB International, the global advisory and accounting network.

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 June 2020**

	Note	2020 \$	2019 \$
Revenue			
Interest		2,000,564	2,269,939
Dividends		7,429,958	10,550,320
(Losses) on investments at fair value through profit or loss		(29,680,258)	(4,560,177)
(Losses)/Gains on foreign exchange		(2,065,849)	998,544
Other income		175,517	15,888
Total (loss)/revenue		(22,140,068)	9,274,514
Expenses			
Management fees	8 (a)	4,584,748	4,606,517
Finance costs		60,458	1,069,599
Brokerage fees		529,764	426,421
Registry fees		129,094	144,597
Professional Fees		124,487	123,197
Foreign tax compliance fees		41,988	120,000
ASX fees		96,573	113,103
Insurance		103,064	77,690
Audit fees	8 (b)	45,892	42,794
Directors' fees	12	80,720	75,000
Other operating expenses		201,073	94,395
Total expenses		5,997,861	6,893,313
(Loss)/profit for the year before income tax		(28,137,929)	2,381,201
Income tax benefit	6 (a)	9,466,030	501,338
(Loss)/profit after income tax		(18,671,899)	2,882,539
Other comprehensive income for the year		-	-
Total comprehensive (loss)/income attributable to shareholders		(18,671,899)	2,882,539
Basic (losses)/earnings per share	9	(5.29) cents	0.82 cents
Diluted (losses)/earnings per share	9	(5.29) cents	0.82 cents

This Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Financial Statements which follow.

**STATEMENT OF FINANCIAL POSITION
AS AT 30 June 2020**

	Note	2020	2019
		\$	\$
Assets			
Cash and cash equivalents	3	4,885,028	7,431,566
Collateral accounts		5,759,864	3,749,663
Financial assets at fair value through profit or loss	2 (d)	410,208,058	490,656,371
Receivables	4	33,705,807	75,795
Income tax receivable		5,831,615	-
Total current assets		460,390,372	501,913,395
Non-current assets			
Deferred tax assets	6 (c)	41,909	74,224
Total non-current assets		41,909	74,224
TOTAL ASSETS		460,432,281	501,987,619
Liabilities			
Current liabilities			
Interest bearing liabilities	3	27,390,792	35,208,433
Financial liabilities at fair value through profit or loss	2 (d)	1,931,363	1,386,886
Payables	5	18,880,237	1,531,413
Income tax payable		-	5,264,470
Total current liabilities		48,202,392	43,391,202
Non-current liabilities			
Deferred tax liabilities	6 (c)	1,793,562	17,520,628
Total non-current liabilities		1,793,562	17,520,628
TOTAL LIABILITIES		49,995,954	60,911,830
NET ASSETS		410,436,327	441,075,789
SHAREHOLDERS' EQUITY			
Share capital	7	349,730,412	347,597,856
Retained profits		60,705,915	93,477,933
TOTAL SHAREHOLDERS' EQUITY		410,436,327	441,075,789

This Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements which follow.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 June 2020**

	Note	2020	2019
		\$	\$
Cash flows from operating activities			
Interest received		2,030,404	2,250,643
Dividends received		7,340,153	10,637,876
Other income received		174,142	15,743
Interest paid		(129,838)	(1,061,773)
Management fees paid		(4,758,778)	(4,659,306)
Performance fees paid		-	(1,017,682)
Income tax paid		(17,324,806)	(10,819,317)
Brokerage fees paid		(529,764)	(426,421)
Other operating expenses		(865,311)	(675,936)
Net cash (outflow) from operating activities	10	(14,063,798)	(5,756,173)
Cash flows from investing activities			
Proceeds from sale of investments		167,192,726	134,206,672
Purchase of investments		(135,892,964)	(106,946,604)
Net cash inflow from investing activities		31,299,762	27,260,068
Cash flows from financing activities			
Dividends paid (Net of DRP)		(11,967,563)	(11,383,062)
Net cash (outflow) from financing activities		(11,967,563)	(11,383,062)
Impact of exchange rate changes on cash and cash equivalents		2,702	1,169,499
Net increase in cash and cash equivalents		5,271,103	11,290,332
Cash and cash equivalents at the beginning of the financial year		(27,776,867)	(39,067,199)
Cash and cash equivalents at the end of the financial year	3	(22,505,764)	(27,776,867)

This Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements which follow.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 June 2020**

	Note	Share Capital	Retained Profits	Total Equity
		\$	\$	\$
Balance at 1 July 2018		346,343,640	103,232,672	449,576,312
Total comprehensive income for the year		-	2,882,539	2,882,539
Subtotal		346,343,640	106,115,211	452,458,851
Transactions with owners in their capacity as owners				
Shares issued under the Company's dividend reinvestment plan	7	1,254,216	-	1,254,216
Dividends paid (1.8 cents per share paid 27 September 2018, and 1.8 cents per share paid 28 March 2019)		-	(12,637,278)	(12,637,278)
Subtotal		1,254,216	(12,637,278)	(11,383,062)
Balance at 30 June 2019		347,597,856	93,477,933	441,075,789
Balance at 1 July 2019		347,597,856	93,477,933	441,075,789
Total comprehensive (loss) for the year		-	(18,671,899)	(18,671,899)
Subtotal		347,597,856	74,806,034	422,403,890
Transactions with owners in their capacity as owners				
Shares issued under the Company's dividend reinvestment plan	7	2,132,556	-	2,132,556
Dividends paid (2.0 cents per share paid 26 September 2019, and 2.0 cents per share paid 26 March 2020)		-	(14,100,119)	(14,100,119)
Subtotal		2,132,556	(14,100,119)	(11,967,563)
Balance at 30 June 2020		349,730,412	60,705,915	410,436,327

This Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements which follow.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2020

1. General information and summary of significant accounting policies

PM Capital Global Opportunities Fund Limited ("the Company") is a listed investment company incorporated in Australia. The Company was registered on 1 October 2013. The registered office and principal place of business of the Company is Level 27, 420 George Street Sydney NSW 2000. The Company's principal activity is to invest predominantly in a concentrated portfolio of listed securities across global securities markets (including Australia). The investment objective is to increase the value of its portfolio by providing long term capital growth.

These general purpose financial statements are for the year ended 30 June 2020, and were authorised for issue by the Directors on 13 August 2020.

A summary of the material accounting policies adopted by the Company in the preparation of the financial statements is set out below:

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards issued by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*. For the purposes of preparing financial statements, the Company is a for-profit entity. The Company and its wholly owned subsidiary, PM Capital GO 2025 Limited (de-registered on 13 February 2020), are investment entities. An investment entity is an entity that:

- a) Obtains funds from one or more investors for the purpose of providing those investors with investment management services;
- b) Commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- c) Measures and evaluates the performance of substantially all of its investments on a fair value basis.

Australian Accounting Standards do not allow an investment entity which controls another investment entity to consolidate that subsidiary and instead requires that an investment in that subsidiary be held at fair value through profit or loss - refer to Note 1(e) investments for further information in respect of the accounting treatment of the investment in the wholly owned subsidiary.

(b) Statement of Compliance

The financial statements and notes thereto comply with Australian Accounting Standards as issued by the AASB and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

(c) Reporting Currency

All amounts are presented in Australian dollars as the functional and presentational currency of the Company.

(d) Going Concern Basis

The financial report has been prepared on a going concern basis.

(e) Investments

Investments held at fair value through profit or loss are initially recognised at fair value including any transaction costs related to their acquisition. Subsequent to initial recognition, all financial instruments held at fair value through profit or loss are accounted for at fair value, with changes to such values recognised in profit or loss. For further details on how the fair value of financial instruments is determined please see Note 2(d).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2020 (CONTINUED)

1. General information and summary of significant accounting policies (continued)

(f) Foreign currency translation

(i) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Company competes for funds and is regulated.

(ii) Transactions and balances

Transactions during the period denominated in foreign currency have been translated at the exchange rate prevailing at the transaction date. Overseas investments and currency, together with any accrued income, are translated at the exchange rate prevailing at the balance date. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at balance date exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in profit or loss. Net exchange gains and losses arising on the revaluation of investments are included in gains/(losses) on investments.

Hedging may be undertaken in order to minimise possible adverse financial effects of movements in exchange rates. Hedging gains or losses are included as part of gains/(losses) on foreign exchange.

(g) Income tax

Under current legislation, the Company is subject to income tax at 30% (2019: 30%) on taxable income. A capital gains tax concession may be available to investors where certain requirements are met.

The Company incurs withholding tax imposed by certain countries on investment income. Such income is recorded net of withholding tax in profit or loss.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on the corporate tax rate. The relevant tax rate is applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2020 (CONTINUED)**

1. General information and summary of significant accounting policies (continued)

(h) Investment income

(i) Interest income

Interest income is recognised in profit or loss for all financial instruments that are held at fair value through profit or loss using the effective interest method. Interest income on assets held at fair value through profit or loss is included in gains/(losses) on financial instruments. Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 1(e) to the financial statements.

(ii) Dividends

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded against dividend income. The Company incurs withholding tax imposed by certain countries on dividend income.

(iii) Net changes in fair value of investments

Changes in the fair value of investments are recognised in profit or loss.

(i) Goods and services tax ("GST")

The Company is registered for GST and under current regulations can claim up to 75% of the GST incurred depending on the nature of the expense. The un-claimable portion is written off as an expense.

(j) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within Interest Bearing Liabilities in the Statement of Financial Position.

(k) Collateral accounts

Collateral accounts represent restricted deposits for derivative financial instruments. The cash is held by the Prime Broker and is only available to meet derivative obligations.

(l) Receivables

Receivables may include amounts for dividends, interest and securities sold. Dividends are receivable when they have been declared and are legally payable. Interest is accrued at the balance date from the time of last payment. Amounts receivable for securities sold are recorded when a sale has occurred.

(m) Payables

These amounts represent liabilities for amounts owing by the Company at period end which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(n) Derivative financial instruments

The Company may invest in financial derivatives. Derivative financial instruments are accounted for on the same basis as the underlying investment exposure. Gains and losses relating to financial derivatives are included in profit or loss as part of gains/(losses) on investments.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2020 (CONTINUED)**

1. General information and summary of significant accounting policies (continued)

(o) Share capital

Ordinary shares are classified as equity. Costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(p) Earnings per share

Undiluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares and potential ordinary shares (options) outstanding during the year.

(q) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of some assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are considered to be relevant and reasonable under the circumstance. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The methods used in the valuation of investments are set out in Note 1(e) to these financial statements.

(r) New and amended accounting standards adopted

There are no new accounting standards and interpretations that have been published and have been adopted for the 30 June 2020 reporting year that are material to the financial statements.

(s) New accounting standards and interpretations not yet adopted

A number of new accounting standards, amendments to standards and interpretations are not yet effective for 30 June 2020 reporting period and have not been early adopted in preparing these financial statements. The directors' assessment of these new accounting standards (to the extent relevant to the Company) and interpretations is that they are not expected to have a material effect on the financial statements of the Company.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 2019 (CONTINUED)**

2. Financial risk management

(a) Objectives, strategies, policies and processes

The objective of the Company is to provide long-term capital growth over a seven-year plus investment horizon through investment in a concentrated portfolio of global (including Australian) equities and other investment securities. As the portfolio is constructed on the merits of individual stock selection it is likely that the Company will have experienced varied return characteristics from the relevant benchmark and traditional index funds. The Company is managed from an Australian investor's perspective with tax and currency exposures forming important considerations in the daily management of the Company, whilst complying with the Company's investment mandate as amended from time to time. Financial risk management is carried out by the Investment Manager under the guidance of its Chief Investment Officer.

The Company's activities are exposed to different types of financial risks. These risks include market risk (including foreign currency risk, and price risk) and credit risk. The Company may employ derivative financial instruments to hedge these risk exposures in order to minimise the effects of these risks. The use of derivatives is an essential part of proper portfolio management and is not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the Company against a fluctuation in market values or to reduce volatility;
- as a substitute for physical securities;
- adjusting asset exposures within the parameters set in the investment strategy;
- adjusting the duration or the weighted average maturity of fixed interest portfolios.

The use of short selling and derivatives may indirectly leverage the portfolio on a gross basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2020 (CONTINUED)**

2. Financial risk management (continued)

(b) Market risk

Market risk is the risk that the fair value of financial instruments will fluctuate. These fluctuations can be caused by market volatility, interest rate volatility, economic cycles, political events and levels of economic growth, both global and domestic. The Company is materially exposed to two different types of market risks, namely foreign currency risk and price risk. Market risk exposures are assessed and minimised through employing established investment strategies.

The Company is a focused portfolio and, due to the concentrated nature of the Company's investments, considerable short term volatility may be experienced. The Company may also short specific securities that, in the opinion of the Investment Manager, are overvalued. All of the portfolio positions are subject to research and peer group review and if appropriate opportunities cannot be found the Company will hold cash until new opportunities arise. The Company may utilise leverage to enhance the portfolio's returns. Leverage is acquired through the use of derivatives, short selling and a leverage facility with the Prime Broker. The maximum leverage allowed net invested position (being long positions less short positions) is 130% of the portfolio's net market value. As part of its risk management strategy, the Company uses futures, options and forward currency contracts to manage exposures resulting from changes in interest rates, foreign currencies and equity price risks.

(i) Foreign currency risk

Foreign currency risk is the risk that the value of a financial commitment, recognised asset or liability will fluctuate due to changes in foreign currency rates.

The Company holds assets denominated in currencies other than the Australian dollar (being the functional currency) and is therefore exposed to foreign currency risk when the value of assets denominated in other currencies fluctuates due to movements in exchange rates.

The Company may enter into foreign exchange forward contracts both to hedge the foreign exchange risk implicit in the value of portfolio securities denominated in foreign currency and to secure a particular exchange rate for a planned purchase or sale of securities. Foreign exchange instruments are principally denominated in US dollars and Euros, reflecting the denominations but not necessarily the physical locations of the majority of the Company's international security investments. The terms and conditions of these contracts rarely exceed one year and the level of hedging will depend on the Investment Manager's expectation of future currency exchange rate movements.

As the nature of these contracts is to hedge the international investment activities of the Company, they are accounted for by marking to market at balance date in a manner consistent with the valuation of the underlying securities. The currency position of the Company is monitored on an ongoing basis by the Investment Manager.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2020 (CONTINUED)**

2. Financial risk management (continued)

(b) Market risk (continued)

(i) Foreign currency risk (continued)

The Company's portfolio in different currencies at balance date are summarised below. The portfolio are substantially hedged into US dollars.

	Australian Dollars A\$	US Dollars A\$	British Pounds A\$	Euro A\$	Other Currencies A\$	Total A\$
2020						
Assets						
Cash and cash equivalents	4,557,358	-	-	327,670	-	4,885,028
Collateral accounts	-	5,759,864	-	-	-	5,759,864
Financial assets at fair value through profit or loss:						
Listed securities	24,458,459	206,703,314	24,913,331	104,536,515	35,697,668	396,309,287
Debt securities	7,565,592	-	-	-	-	7,565,592
Currency forward contracts	107,200,000	(52,835,869)	-	(49,037,408)	1,006,456	6,333,179
Receivables	44,257	18,114,829	-	13,050,133	2,496,588	33,705,807
Income tax receivable	5,831,615	-	-	-	-	5,831,615
Deferred tax assets	41,909	-	-	-	-	41,909
Total assets	149,699,190	177,742,138	24,913,331	68,876,910	39,200,712	460,432,281
Liabilities						
Interest bearing liabilities	-	7,058,983	8,898,469	-	11,433,340	27,390,792
Financial liabilities at fair value through profit or loss:						
Options	224,740	1,458,126	-	-	-	1,682,866
Futures	-	43,664	-	-	-	43,664
Swaps	204,833	-	-	-	-	204,833
Payables	1,155,129	1,993,931	-	13,253,391	2,477,786	18,880,237
Deferred tax liabilities	1,793,562	-	-	-	-	1,793,562
Total liabilities	3,378,264	10,554,704	8,898,469	13,253,391	13,911,126	49,995,954
Net assets	146,320,926	167,187,434	16,014,862	55,623,519	25,289,586	410,436,327

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2020 (CONTINUED)**

2. Financial risk management (continued)

(b) Market risk (continued)

(i) Foreign currency risk (continued)

	Australian Dollars A\$	US Dollars A\$	British Pounds A\$	Euro A\$	Other Currencies A\$	Total A\$
2019						
Assets						
Cash and cash equivalents	1,071,181	-	-	6,234,579	125,806	7,431,566
Collateral accounts	-	3,749,663	-	-	-	3,749,663
Financial assets at fair value through profit or loss:						
Listed securities	25,010,853	302,958,287	22,242,864	104,707,335	16,292,729	471,212,068
Unlisted securities	1	-	-	-	-	1
Debt securities	7,491,425	-	11,906,379	-	-	19,397,804
Currency forward contracts	65,000,000	(39,413,607)	-	(25,539,895)	-	46,498
Receivables	52,133	175	23,487	-	-	75,795
Deferred tax assets	74,224	-	-	-	-	74,224
Total assets	98,699,817	267,294,518	34,172,730	85,402,019	16,418,535	501,987,619
Liabilities						
Interest bearing liabilities	-	26,216,538	4,461,156	-	4,530,739	35,208,433
Financial liabilities at fair value through profit or loss:						
Options	(17,226)	427,673	-	-	16,554	427,001
Futures	-	664,330	-	-	-	664,330
Swaps	295,555	-	-	-	-	295,555
Payables	1,443,857	87,556	-	-	-	1,531,413
Income tax payable	5,264,470	-	-	-	-	5,264,470
Deferred tax liabilities	17,520,628	-	-	-	-	17,520,628
Total liabilities	24,507,284	27,396,097	4,461,156	-	4,547,293	60,911,830
Net assets	74,192,533	239,898,421	29,711,574	85,402,019	11,871,242	441,075,789

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2020 (CONTINUED)**

2. Financial risk management (continued)

(b) Market risk (continued)

(i) Foreign currency risk (continued)

Foreign currency sensitivity

A sensitivity of 5% (2019: 5%) has been selected to account for the current level of exchange rate volatility observed in the market. As at reporting date, should the Australian dollar depreciate/appreciate against the relevant foreign currency (that is the AUD weakens/strengthens) and with all other variables remaining constant, the change in net assets would be:

	Depreciation of AUD (5%)		Appreciation of AUD (5%)	
	Increase in Net Assets \$	Increase in Net Assets %	(Decrease) in Net Assets \$	(Decrease) in Net Assets %
30 June 2020	13,900,811	3.4%	(12,576,924)	(3.1%)
30 June 2019	19,309,645	4.4%	(17,470,631)	(4.0%)

(ii) Price risk

Price risk is the risk that the fair value of financial instruments will fluctuate, whether those changes are specifically related to an individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company is exposed to price risk for its investments in both listed and unlisted securities. The price risk of securities is dependent on the financial circumstances of the companies in which the securities are purchased, including their profits, earnings and cash flows. The return on a security's investment may also be affected by the quality of company management, the general health of the sector in which it operates and government policy.

In cases where financial instruments are denominated in currencies other than the Australian dollar, future prices will also fluctuate because of changes in foreign exchange rates. Refer to Note 2(b)(i) for the management of foreign currency risk. Some securities present a risk of loss of capital and, except where securities are sold short, the maximum exposure resulting from financial instruments is determined by the fair value of those instruments. Potential losses from securities sold short can be unlimited.

The Investment Manager's security selection process is fundamental to the management of price risk. Whilst the Morgan Stanley Capital International ('MSCI') Index is used in measuring relative performance of the Company, risk in the view of the Investment Manager is not limited to relative performance versus a benchmark, but more so the prospect of losing money (i.e. absolute returns). The Company seeks a diversified range of investments whose business and growth prospects are being undervalued by the market. As a result, the Company's securities holdings vary considerably from the composition of the index.

The Company's overall market positions are monitored on an ongoing basis by the Investment Manager.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2020 (CONTINUED)**

2. Financial risk management (continued)

(b) Market risk (continued)

(ii) Price risk (continued)

The Collateral account collateralises the purchase of financial assets with respect to derivative instruments. Accordingly, the balance of the Collateral account should be regarded as a financial asset for the purpose of assessing risk and market exposure.

The Company's overall market positions are monitored on an ongoing basis by the Investment Manager.

The Company's net equity exposure as at 30 June 2020 and 30 June 2019 is set out below:

Industry Groups	2020	2019
Banks	30%	37%
Materials	17%	4%
Diversified Financials	15%	21%
Software & Services	15%	14%
Real Estate	8%	7%
Capital Goods	5%	2%
Consumer Services	4%	3%
Consumer Durables & Apparel	2%	8%
Commercial & Professional Services	2%	0%
Energy	2%	0%
Technology Hardware & Equipment	2%	1%
Media	0%	3%
Pharmaceuticals, Biotechnology & Life Sciences	0%	0%
Food, Beverage & Tobacco	(2%)	(1%)
Household & Personal Products	(2%)	(1%)
Other	2%	2%
Total	100%	100%

Price sensitivity

The directors of the Company believe that it is difficult to accurately estimate future returns. Equity market returns can be volatile and returns from year to year often have a wide variance. As such, the Company uses a long-term performance average, rather than a short term performance number, when estimating sensitivity to price risk. The longer return average takes into consideration the full market cycle, whereas an estimate based solely on last year's performance is likely to be misleading when the market cycle shifts.

As at reporting date, if the listed security prices in the portfolio had increased/(decreased) by 5% [2019: 5%] with all other variables being constant, this would have increased/(decreased) the net assets attributable to shareholders by approximately +/- \$19,815,464 [2019: +/- \$23,560,603]. The impact of price movements in options and futures, fixed rate bonds, floating rate notes, other debt securities and currency contracts is unlikely to have a significant impact on the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2020 (CONTINUED)

2. Financial risk management (continued)

(c) Credit risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations (i.e. default in either whole or part) under a contract, causing the Company to make a financial loss.

Market prices generally incorporate credit assessments into valuations and risk of loss is implicitly provided for in the carrying value of assets and liabilities as they are marked to market at balance date.

The total credit risk for assets including fixed income and equity securities is therefore limited to the amount carried in the Statement of Financial Position.

The Investment Manager manages the Company's concentrations of credit risk by adopting a number of procedures, including the following:

- Undertaking transactions with a large number of counterparties on recognised and reputable exchanges;
- Ensuring that these counterparties together with the respective credit limits are approved.

The contractual credit risk of assets is represented by the net payments or receipts that remain outstanding, and the cost of replacing the derivative position in the event of a counterparty default. There are no financial assets that are past due or impaired as at balance date.

The Company has appointed Morgan Stanley & Co. International Plc ("Morgan Stanley") as both Prime Broker and Custodian to the Company. Morgan Stanley is subject to regulatory oversight and capital requirements imposed by the Financial Services Authority (UK) and, where applicable to its Australian operations, the Australian Securities and Investments Commission. As at the date of this report, Morgan Stanley has a credit rating of A+ (S&P) for long term debt and a rating of A-1 for short term debt.

The terms of the Prime Broker Agreement provide that Morgan Stanley may utilise custodial assets for its own lending and financing purposes (including to borrow, lend, charge, re-hypothecate, and dispose of) up to, but not exceeding, 180% of the value of the Company's outstanding liabilities with Morgan Stanley. These assets are owned by Morgan Stanley in its Prime Broker capacity. Under the terms of the Prime Broker Agreement, Morgan Stanley is obliged to return to the Company the equivalent custodial assets irrespective of what transpires between it and any third party with whom Morgan Stanley has transacted.

Cash holdings with Morgan Stanley are not subject to this arrangement and are always considered to be held by Morgan Stanley in its Prime Broker capacity.

All other custodial assets not subject to the Prime Broking arrangement are held by Morgan Stanley in its capacity as a Custodian in a separate asset pool, as is required by the Financial Services Authority (UK).

As at balance date, the maximum value of the Company's gross assets available to Morgan Stanley for its lending and financing activities is \$52,779,879 [2019: \$65,871,571]. Under the Prime Broker arrangements in place, the amount does not require disclosure by Morgan Stanley. The maximum net exposure to the Prime Broking activities of Morgan Stanley, after offsetting the Company's outstanding liabilities with Morgan Stanley, approximates \$23,457,724 [2019: \$29,276,255] as at balance date.

The credit position of the Company is monitored on an ongoing basis by the Investment Manager.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2020 (CONTINUED)**

2. Financial risk management (continued)

(d) Fair Value Measurements

The Company measures and recognises financial assets and liabilities held at fair value through profit or loss on a recurring basis.

The Company has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

(i) Fair value in an active market (Level 1)

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and listed equity securities) are based on quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

(ii) Fair value in an inactive or unquoted market (Level 2 and Level 3)

The fair value of financial assets and liabilities that are not traded in an active market are valued with reference to external third-party pricing information. These assets and liabilities include: Unlisted securities, Options & Futures, Swaps, Currency forward contracts and Debt securities.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2020 (CONTINUED)**

2. Financial risk management (continued)

(d) Fair Value Measurements (continued)

(iii) Recognised fair value measurements

The following table presents the Company's financial assets and liabilities measured and recognised at 30 June 2020 and 30 June 2019:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
2020				
Financial assets at fair value through profit or loss				
Listed securities	396,309,287	-	-	396,309,287
Debt securities	-	7,565,592	-	7,565,592
Currency forward contracts	-	6,333,179	-	6,333,179
	<u>396,309,287</u>	<u>13,898,771</u>	<u>-</u>	<u>410,208,058</u>
Financial liabilities at fair value through profit or loss				
Options	1,682,866	-	-	1,682,866
Futures	43,664	-	-	43,664
Swaps	-	204,833	-	204,833
	<u>1,726,530</u>	<u>204,833</u>	<u>-</u>	<u>1,931,363</u>
2019				
Financial assets at fair value through profit or loss				
Listed securities	471,212,068	-	-	471,212,068
Unlisted securities	-	-	1	1
Debt securities	-	19,397,804	-	19,397,804
Currency forward contracts	-	46,498	-	46,498
	<u>471,212,068</u>	<u>19,444,302</u>	<u>1</u>	<u>490,656,371</u>
Financial liabilities at fair value through profit or loss				
Options	427,001	-	-	427,001
Futures	664,330	-	-	664,330
Swaps	-	295,555	-	295,555
	<u>1,091,331</u>	<u>295,555</u>	<u>-</u>	<u>1,386,886</u>

(iv) Transfer between levels

Management's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between levels in the fair value hierarchy at the end of the reporting period.

(v) Fair value of financial instruments not carried at fair value

The carrying value of trade receivables and trade payables are assumed to approximate their fair values.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2020 (CONTINUED)**

	2020 \$	2019 \$
3. Cash and cash equivalents and Interest bearing liabilities		
<i>Cash and cash equivalents</i>		
Deposits in Money Markets	2,564,960	350,000
Cash at bank (Custodian) – AUD	1,992,398	721,181
Cash at bank (Custodian) – EUR	327,670	6,234,579
Cash at bank (Custodian) – CAD	-	125,806
	<u>4,885,028</u>	<u>7,431,566</u>
<i>Interest bearing liabilities</i>		
Overdraft at Custodian	(27,390,792)	(35,208,433)
	<u>(22,505,764)</u>	<u>(27,776,867)</u>
Overdraft at Custodian is a cash facility offered by the Custodian. The Custodian in its role as Prime Broker has been granted a floating charge over the assets of the Company to secure any liabilities to the Prime Broker.		
4. Receivables		
Interest receivable	12,884	42,724
GST receivable	7,633	6,258
Other receivables	25,704	26,813
Outstanding settlements	33,659,586	-
	<u>33,705,807</u>	<u>75,795</u>
5. Payables		
Trade creditors and accruals	1,109,459	1,328,807
Other payables	255	87,556
Interest payable	45,670	115,050
Outstanding settlements	17,724,853	-
	<u>18,880,237</u>	<u>1,531,413</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2020 (CONTINUED)**

2020	2019
\$	\$

6. Income tax

(a) Income tax expense

The aggregate amount of income tax attributable to the financial period differs from the amount of income tax that would be payable by the Company if its taxable income for the period were equal to the amount of the profit/(loss) before income tax. The difference between these amounts is explained as follows:

(Loss)/profit for the year before income tax	(28,137,929)	2,381,201
Prima facie income tax (benefit)/expense calculated at 30% (2019: 30%)	(8,441,379)	714,360
Tax credits – current year	(1,024,651)	(1,216,186)
Prior year over provision	-	488
Income tax (benefit)	(9,466,030)	(501,338)

(b) Franking credits

2020	2019
------	------

Franking credits available for subsequent reporting periods based on a tax rate of 30% (2019: 30%)	\$16,632,377	\$16,317,529
Number of shares on issue at the end of the financial year	354,175,578	352,020,714
Franking Credits available per Share on issue	\$0.0470	\$0.0464

The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits or debits that will arise from the settlement of liabilities or receivables for income tax at the end of the period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2020 (CONTINUED)**

2020	2019
\$	\$

6. Income tax (continued)

(c) Deferred tax

Deferred tax assets are represented by the following temporary differences:

Accruals	30,896	43,623
Listing fees	-	22,725
Insurances	11,013	7,876
	<u>41,909</u>	<u>74,224</u>

Deferred tax liabilities are represented by the following temporary differences:

Unrealised gains on investments	1,792,887	17,520,628
Dividends receivable	675	-
	<u>1,793,562</u>	<u>17,520,628</u>

7. Share capital

There is a single class of ordinary shares on issue. For all shares issued in accordance with the Prospectus dated 18 November 2013, an option was also issued (exercisable on or before 30 June 2015, after this date the options expired). The amount paid by each shareholder was allocated between the share and the option based on relative market prices on the first day of trading. Costs of fundraising were allocated between shares and options on the same basis.

Each Share confers on its holder equal voting rights and the right to share equally in dividends and any surplus on winding up.

Subject to the *Corporations Act 2001* and the ASX Listing Rules, Shares are fully transferable.

The rights attaching to Shares may be varied with the approval of shareholders in general meeting by special resolution. Movements in share capital during the year were as set out below:

	2020 Number of shares	2019 Number of shares
Shares on issue at beginning of the year	352,020,714	350,909,977
Shares issued under the Company's dividend reinvestment plan	2,154,864	1,110,737
Shares on issue at the end of the year	<u>354,175,578</u>	<u>352,020,714</u>

Capital Management

The Company's objectives for managing capital are to invest the capital in investments meeting the description, risk exposure and expected return pursuant to the Investment Management Agreement between the Company and the Investment Manager.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2020 (CONTINUED)**

8. Expenses

(a) Fees paid to the Investment Manager

The Company has outsourced its investment management function to PM Capital Limited. A summary of the fees (GST exclusive) charged by the Investment Manager is set out below.

(i) Management fee

The Investment Manager is entitled to be paid a management fee equal to 1.00% p.a. (plus GST) of the portfolio Net Asset Value. The management fee is calculated and accrued on the last day of each week and paid at the end of each quarter in arrears.,

The Company expensed an amount of \$4,584,748 (2019: \$4,606,517) as fees paid or payable to the Investment Manager and as at balance date an amount of \$1,006,469 (2019: \$1,183,397) is included in Trade creditors and accruals.

(ii) Performance Fee

At the end of each financial year, the Investment Manager is entitled to receive a performance fee from the Company. The fee is calculated and accrued monthly using the following formula:

$$P = 15\% \times (A - B) \times \text{Portfolio Net Asset Value at the end of the last day of the relevant month where:}$$

P is the Performance Fee for the relevant month;
A is the Investment Return of the Portfolio for the relevant month; and
B is the Benchmark Return for the relevant month. "Benchmark Return" means, in respect of the relevant month, the percentage by which the Morgan Stanley Capital International World Index (AUD) increases or decreases over the course of the relevant month.

The performance fee for each month in a financial year will be aggregated (including any negative amounts carried forward) and paid annually in arrears if the aggregate performance fee for that financial year (including any negative amounts carried forward) is a positive amount.

No performance fee was payable during the year (2019: \$nil).

(b) Auditor's Remuneration

	2020 \$	2019 \$
Audit and review of the financial statements	45,892	42,794
Tax compliance services	9,300	5,600
Other assurance services	-	-
	<u>55,192</u>	<u>48,394</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2020 (CONTINUED)**

	2020	2019
9. Earnings per share		
Basic earnings/(losses) per share	(5.29) cents	0.82 cents
Diluted earnings/(losses) per share	(5.29) cents	0.82 cents
Reconciliation of earnings/(losses) and weighted average number of shares used in calculating basic and diluted earnings/(losses) per share:		
Earnings/(losses) used in calculating basic earnings/(losses) per share	(\$18,671,899)	\$2,882,539
Earnings/(losses) used in calculating diluted earnings/(losses) per share	(\$18,671,899)	\$2,882,539
Weighted average number of ordinary shares used in the calculation of basic earnings/(losses) per share	353,071,441	351,324,253
Weighted average number of shares used in the calculation of diluted earnings/(losses) per share	353,071,441	351,324,253
10. Cash flow statement		
	2020 \$	2019 \$
Reconciliation of Profit/(loss) after income tax to Cash Flow from Operating Activities		
Profit/(loss) after income tax	(18,671,899)	2,882,539
Losses on Investments at fair value through profit or loss	29,680,258	4,560,177
(Gains)/losses on Foreign Exchange	2,065,849	(998,544)
<i>Changes in assets and liabilities:</i>		
(Increase)/decrease in receivables	28,859	(16,055)
Increase/(decrease) in income tax payable	(5,264,470)	148,957
(Increase)/decrease in income tax receivable	(5,831,615)	-
(Increase)/decrease in deferred tax assets	32,315	(10,122)
(Decrease) in deferred tax liabilities	(15,727,066)	(11,459,490)
(Decrease) in payables	(376,029)	(863,635)
Net cash (outflow) from Operating Activities	(14,063,798)	(5,756,173)

11. Segment information

The Company has only one reportable segment and one industry. It operates predominantly in Australia and in the securities industry (though most investments are in foreign jurisdictions). It earns revenue from dividend income, interest income and other returns from the investment portfolio. The Company invests in different types of securities, as detailed at Note 2 Financial Risk Management.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2020 (CONTINUED)**

12. Related party transactions

All transactions with related parties are conducted on normal commercial terms and conditions, and are as follows:

- Compensation arrangements with the Directors and Executive Directors (refer to Directors' Remuneration below);
- Interests in the Company held directly or indirectly by the Directors and Executive Directors (refer to remuneration report included in the directors' report); and
- Management Agreement between the Company and the Investment Manager (refer to Note 8 for details of fees paid to the Investment Manager).

As at 30 June 2020, the Company holds 10,569,024 ordinary shares [2019: 9,789,840] valued at \$7,186,936 [2019: \$9,251,399] in PM Capital Asian Opportunities Fund Limited ("PAF"), a company which is associated with the Investment Manager.

The Company and PAF are managed by the Investment Manager. Any management fee or performance fee incurred or payable by the Company in respect of the shares it holds in PAF is reimbursable by the Investment Manager.

Directors' Remuneration

Directors' remuneration received or receivable for the year ended 30 June 2020 was as follows:

Director	Directors' fees \$	Superannuation \$	Total \$
Chris Knoblanche	39,674	-	39,674
Brett Spork	31,963	3,037	35,000
Ben Skilbeck	-	-	-
Richard Matthews	-	-	-
Andrew McGill (resigned 15 August 2019)	5,608	438	6,046
	<u>77,245</u>	<u>3,475</u>	<u>80,720</u>

Directors' remuneration received or receivable for the year ended 30 June 2019 was as follows:

	\$	\$	\$
Andrew McGill (resigned 15 August 2019)	36,530	3,470	40,000
Brett Spork	31,963	3,037	35,000
Ben Skilbeck	-	-	-
Richard Matthews	-	-	-
	<u>68,493</u>	<u>6,507</u>	<u>75,000</u>

Ben Skilbeck is the Chief Executive Officer of the Investment Manager and Richard Matthews is the Chief Operating Officer, Head of Risk and Compliance and Company Secretary of the Investment Manager. They are remunerated by the Investment Manager and are not entitled to a director's fee or any other form of remuneration from the Company.

DIRECTORS' DECLARATION

1. In the directors' opinion:
 - (a) the financial statements and notes set out on pages 18 to 40 are in accordance with the *Corporations Act 2001* and,
 - (i) comply with Australian Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) give a true and fair view of the Company's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The notes to the financial statements include a statement of compliance with International Financial Reporting Standards.
3. The directors have been given by the Executive Director and Chief Financial Officer of the Investment Manager the declarations for the year ended 30 June 2020 required by Section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.



Chris Knoblanche AM
Chairman

Sydney
13 August 2020

Independent Auditor's Report to the Members of PM Capital Global Opportunities Fund Limited

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of PM Capital Global Opportunities Fund Limited ("the Company") which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
<i>Existence and Valuation of Cash and Investments</i>	
At 30 June 2020 the Company held "Cash and Cash Equivalents" of \$4,885,028, "Financial assets at fair value through profit or loss" of \$410,208,058 and "Collateral accounts" of \$5,759,864, which have been included in the Company's Statement of Financial Position at that date.	We confirmed the Existence of the Cash and Investments with the Custodian, and the Valuation of the Investments with the Custodian and third party valuation information.
We considered these areas to be key audit matters due to the size of the amounts involved.	

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Key Audit Matter	How our audit addressed the key audit matter
<i>Existence and Valuation of Cash and Investments (continued)</i>	
As disclosed in Note 1 to the financial report, investments are initially held at fair value through profit or loss including any transaction costs. Subsequent to initial recognition they are accounted for at fair value, with changes in those values recognised in profit or loss.	
<i>Completeness of Interest Bearing Liabilities and Other Financial Liabilities</i>	
At 30 June 2020 the Statement of Financial Position shows "Interest bearing liabilities" of \$27,390,792 and "Financial liabilities at fair value through profit or loss" of \$1,931,363.	We confirmed with the Custodian that all interest bearing liabilities and other financial liabilities had been recognised.
We considered this area to be a key audit matter due to the potential size of the liabilities.	
<i>Completeness and Occurrence of Performance and Management Fees</i>	
The Company has an agreement with its Investment Manager, PM Capital Limited, to pay management fees and, depending on performance, performance fees to PM Capital Limited.	We obtained copies of the Investment Manager's calculation of the performance and management fees. We reviewed the calculation of the fees, ensuring that the rates used were those in the agreement.
For the year ended 30 June 2020 the Company incurred "performance fees" of \$Nil and "management fees" of \$4,584,748 which have been included in the Company's Statement of Profit or Loss and Other Comprehensive Income.	We confirmed with the Investment Manager that the expense recognised by the Company reconciled to the income received by the Investment Manager.
We focused on this area as a key audit matter as the agreement is with the Investment Manager of the Company.	

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 16 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of the Company for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Sydney, NSW
13 August 2020

S. Grivas

S Grivas
Partner

SHAREHOLDER INFORMATION

Additional Information

The additional information required by the Australian Securities Exchange Limited Listing Rules is set out below.

20 Largest Shareholders

Details of the 20 largest ordinary shareholders and their respective holdings as at 22 July 2020.

Holder name	Ordinary Shares held	% of Issued Shares
HSBC Custody Nominees	32,679,886	9.23%
Roaring Lion Pty Ltd	18,086,523	5.11%
PM Capital Limited	11,470,454	3.24%
Nulis Nominees (Australia)	4,791,162	1.35%
Mr Alister John Forsyth	3,021,377	0.85%
Netwealth Investments Limited	2,907,394	0.82%
JP Morgan Nominees Australia	2,276,414	0.64%
Becjohn Pty Limited	2,176,859	0.61%
Navigator Australia Ltd	2,125,031	0.60%
Horizon Investments Australia Pty Limited	1,947,757	0.55%
BNP Paribas Nominees Pty Ltd	1,880,245	0.53%
Old Fletcher & Partners Pty Ltd	1,550,000	0.44%
Citicorp Nominees Pty Ltd	1,408,830	0.40%
Marian & Eh Flack Nominees Pty Ltd	1,245,000	0.35%
Charles & Cornelia Goode Foundation Pty Ltd	1,225,803	0.35%
Sterda Pty Ltd	1,000,000	0.28%
Mordant Investments Pty	1,000,000	0.28%
Jain Family Super Pty Ltd	785,884	0.22%
Geat Incorporated	784,864	0.22%
Cliffjoy Pty Ltd	750,000	0.21%
	93,113,483	26.29%

Substantial Shareholders

Details of substantial shareholders and their respective holdings as at 22 July 2020.

Holder name	Ordinary Shares held	% of Issued Shares
Paul Moore, Roaring Lion Pty Ltd as trustee for the Roaring Lion Super Fund, PM Capital Limited and associated entities	41,704,767	11.78%
	41,704,767	11.78%

SHAREHOLDER INFORMATION (CONTINUED)

Distribution of Shares

Analysis of numbers of equity security holders, by size of holding, as at 22 July 2020.

Holding	Number of shareholders	Ordinary shares held	% of Issued Shares
1-1,000	247	124,246	0.04%
1,001-5,000	639	2,108,853	0.60%
5,001-10,000	1,065	8,803,392	2.49%
10,001-100,000	5,182	170,064,369	48.02%
100,001 and over	438	173,074,718	48.87%
Totals	7,571	354,175,578	100.00%

The number of holders possessing less than a marketable parcel of the Company's ordinary shares, based on the closing market price as at 22 July 2020, is 113.

Other Stock Exchanges Listing

Quotation has been granted for all Ordinary Shares of the Company on all Member Exchanges of the ASX.

Restricted Securities

There is no issue of restricted securities by the Company currently.

Unquoted Securities

There are no unquoted securities on issue by the Company.

Buy-Back

There is no on market buy-back currently.

Investment Transactions

The total number of transactions in securities during the reporting period was 284.

The total brokerage paid (net of RITC) on these transactions was \$529,764.

SHAREHOLDER INFORMATION (CONTINUED)

Investment Management Agreement (between the Company and the Investment Manager)

The Company has appointed PM Capital Limited ("Investment Manager") to manage the investment portfolio of the Company, and to calculate the value of the portfolio and net tangible assets at least monthly. The Investment Manager must, from time to time and on behalf of the Company, invest portfolio money, including money received on disposal of investments or distributions from investments, to make or hold investments, and realise or dispose of investments.

Additional duties of the Investment Manager include assisting the Company's auditors as required, keeping proper books of account and records, providing or procuring the provision of administrative support services reasonably required by the Company, and keeping the Company informed in respect of the management of the portfolio.

In consideration for the performance of its duties as Investment Manager of the Company, the Investment Manager is paid a management fee of 1% per annum of the portfolio net asset value, calculated on the last day of each month, and a performance fee of 15% of the investment return above the benchmark return multiplied by the portfolio net asset value. The performance fee for each month for the year will be aggregated and will be payable if it is a positive amount at 30 June of each year.

The Agreement was automatically extended on the expiry of the Initial Term (5 years from the IPO allotment date) for 5 years (the "Extended Term"). The Investment Manager may terminate the Agreement at any time by giving the Company at least 3 months' written notice. The Company may terminate the Agreement on delivery of 3 months' prior written notice and payment of termination fees where applicable, or with immediate effect in certain cases, including in the case of the Investment Manager's insolvency, the Investment Manager's material default or breach under the Agreement or the Investment Manager consistently investing outside of the investment strategy.

Corporate information

Directors: Chris Knoblanche - Chairman and Independent
Non-executive Director
Brett Spork - Non-executive Director
Ben Skilbeck - Executive Director
Richard Matthews - Alternate Director for Ben Skilbeck

Company Secretary: Richard Matthews

Investment Manager: PM Capital Limited
Level 27, 420 George Street
Sydney NSW 2000
(AFSL 230222)

Auditor: HLB Mann Judd (NSW Partnership)
Chartered Accountants
Level 19, 207 Kent Street
Sydney NSW 2000

Country of Incorporation: Australia

Registered Office: Level 27, 420 George Street
Sydney NSW 2000
Telephone: (+612) 9290 9600

Share Registry: Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000
Telephone: (+612) 9290 9600

ASX Code: Shares: PGF.AX

Website: <http://www.pmcapital.com.au/listed-investment-company/pgf>

Charters and Policies: <http://www.pmcapital.com.au/pgf/compliance>