

**Appendix 4E**  
**Final Report**  
**For the year ended 30 June 2022**  
**Date: 11 August 2022**

**Results for announcement to the market**

Financial Results	30 June 2022	30 June 2021	Change
	\$	\$	%*
Net revenue from ordinary activities	\$13,321,471	\$218,562,587	(93.90%)
(Loss)/profit from ordinary activities after tax attributable to members	(\$1,272,001)	\$146,386,904	n/a
(Loss)/profit for the year attributable to members	(\$1,272,001)	\$146,386,904	n/a

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

Net Tangible Asset ("NTA") Backing Per Share	30 June 2022	30 June 2021	Change
	\$	\$	%
NTA before tax accruals	1.5084	1.7031	(11.43%)
NTA after tax (excluding Deferred Tax Asset - "DTA")	1.4181	1.5234	(6.91%)
NTA after tax excluding DTA (2022 adding the October 2021 dividend of 5.0 cents per share, and April 2022 dividend of 5.0 cents per share)	1.5181	1.5234	(0.35%)

**Dividends:**

On 11 August 2022, the Directors declared a fully franked final dividend of 5.0 cents per share (June 2021: 5.0 cents per share) which will be paid on 6 October 2022. The Ex-Dividend date is 15 September 2022, and the Record Date is 16 September 2022.

The amount of the proposed fully franked final dividend, which is not recognised as a liability as at 30 June 2022, is \$19,568,569 (June 2021: \$17,640,222).

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 19 September 2022. 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 allows 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:**

None.

**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>

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PM Capital

GLOBAL OPPORTUNITIES FUND LIMITED

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# Annual Report

For the year ended 30 June 2022

PM Capital Global Opportunities Fund Limited

ACN 166 064 875

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## CHAIRMAN'S REPORT

- **5.2% outperformance against MSCI World and S&P ASX 200 Accumulation index**
- **7.2% premium to NTA after tax; 0.8% premium to NTA before tax at 30 June 2022**
- **Final dividend 5.0 cents fully franked**
- **Minimum annualised 10 cents fully franked dividend guidance**
- **Gross dividend yield (including franking) = 9.4%<sup>1</sup>**

Dear Shareholders,

After an exceptionally strong 2021 Financial year for the Company's value/cyclical focused portfolio, FY22 represented a year of consolidation as markets digested the lift off in interest rates as reserve banks around the world looked to combat inflation. Despite the heavy market pull back in the later-half of FY22, the Investment Manager's belief that market rotation into value sectors is still in the early stages of the cycle (which we wrote about in the prior year) delivered a portfolio return net of fees and expenses of negative 1.3%<sup>2</sup>. This compared to the MSCI World Net Total Return Index (expressed in Australian dollars) ("MSCI") of negative 6.5% and the local S&P/ASX 200 Accumulation Index ("S&P200") of negative 6.5%.

For perspectives on current and future market dynamics influencing the Company's portfolio, I recommend to you the Investment Manager's Portfolio Manager Report within this annual report whereby Paul Moore details his perspectives.

### *Financial Results and Capital Management*

For the year ended 30 June 2022, the Company reported a loss before tax of \$5.1 million and loss after tax of \$3.9 million (being 0.3 cents per share). Taxable income for the year was \$75.2 million – driven by \$79.3 million of realised gains on sale of securities, \$20.0 million of dividends received, \$18.1 million of expenses and a \$6.0 million loss on realised foreign currency.

On 12 August 2021, the Company announced a Share Purchase Plan ("SPP"), which all Directors participated in. Pleasingly, applications totalling \$56 million were received with 37 million shares being allotted at the issue price of \$1.50 per share on 13 September 2021. For those investors who participated in the SPP, the share price return from allotment date to 30 June 2022 was 10.9% (inclusive of dividends grossed up for franking credits). Over the same period the MSCI returned negative 11.6% and the S&P200 returned negative 9.2%.

The profit reserve has grown to \$111.9 million as of 30 June 2022. Provided the Company maintains an adequate franking balance, the profit reserve will allow the Company to pay franked dividends if there were to be periods of insufficient retained earnings to allow the Company to fully frank dividends. The Board intends to transfer taxable income amounts from retained earnings to profit reserve. In addition to the profit reserve as of 30 June 2022, the Company has \$36.8 million of retained earnings.

On 14 October 2021, the Company paid a final dividend relating to the 2021 year of 5.0 cents per share fully franked (amounting to \$19,505,400) and on 29 April 2022, the Company paid an interim 2022 dividend of 5.0 cents per share fully franked (amounting to \$19,539,238).

We are pleased to announce a final 2022 dividend of 5.0 cents per share fully franked. The Record date for the final 2022 dividend is 16 September 2022 and it will be paid on 6 October 2022.

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<sup>1</sup> Based on 5.0 cents FY'22 final fully franked dividend and 5.0 cent FY'22 interim fully franked dividend and closing share price of \$1.52 on 30 June 2022.

<sup>2</sup> Before tax, after all fees and expenses, adjusted for capital flows including those associated with the payment of dividends and tax, share issuance and/or cancellations (option exercise, dividend reinvestment plan, share purchase plan, and equal access buyback). If capital flows are ignored and one simply adds to the 30 June 2022 NTA the dividends paid, the decrease over the 30 June 2021 NTA before tax accruals was (3.0%); and the decrease in NTA after tax was (0.3%).

The Board wishes to continue providing Shareholders clear forward guidance in relation to dividend expectations. As such, the Board advises of its intention to deliver a minimum 10.0 cents of fully franked dividends in Financial Year 2023, achieved through an interim dividend of at least 5.0 cents and final dividend of at least 5.0 cents to be announced in February and August 2023, respectively. Based on the 30 June 2022 closing share price of \$1.52, this 10.0 cent fully franked annual dividend guidance represents an annual dividend of 9.4% when grossed up for franking credits. As at 30 June 2022, the combination of profit reserve and retained earnings, provides 4 years of dividend coverage at this minimum intended dividend rate<sup>1</sup>.

Pleasingly, the Company's shares are now trading at a premium to both after tax NTA and before-tax NTA. As at 30 June 2022 the Company's share were trading at a 7.2% premium to NTA after tax and a 0.8% premium to before-tax NTA. As of 5 August 2022, the premium to NTA after tax was 12.5%, and the premium to pre-tax NTA was 4.9%.

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.

Thank you to all our shareholders for your continued interest in and support for the Company.



Chris Knoblanche AM  
Chairman  
11 August 2022

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<sup>1</sup> The intended fully franked dividend is subject to there being no material adverse changes in market conditions and the investment performance of the Company's portfolio. The Company's ability to continue paying fully franked dividends is dependent on the payment of tax on investment profits and there can be no guarantee that such profits will be generated in the future. Past performance is not a reliable indicator of future performance.

## PORTFOLIO MANAGER'S REPORT

*"Progress on vaccinations and an easing of supply constraints are expected to support continued gains in economic activity and employment, as well as a reduction in inflation."*

- US Federal Reserve (November 2021)<sup>1</sup>

*"... underlying inflation would have only just reached the middle of the 2 to 3 per cent target band by the end of 2023, .... The [RBA] Board judges that this outcome could be consistent with the first increase in the cash rate being in 2024."*

- Reserve Bank of Australia (November 2021)<sup>2</sup>

*"...inflation is broader and more persistent than many have thought..."*

- Federal Reserve Bank of St. Louis (May 2022).<sup>3</sup>

*"To avoid popular delusions and the madness of crowds, think long term, focus on valuation and be patient."*

- PM Capital (July 2022)<sup>4</sup>

### Dear Investor,

Financial-year 2022 was another extraordinary year for global equities. Inflation soared as Russia's invasion of Ukraine affected commodity supply and as COVID-19 created supply-chain bottlenecks and labour-market shortages. Central banks lifted interest rates to temper demand and tame inflation. Valuations of growth stocks tumbled and sharemarkets fell as investors were consumed by talk of global recession, a prolonged bear market and declining asset values.

Clearly, the tide turned in FY22. After four decades of falling government bond yields, a great "inflection point" arrived. The consensus view among policymakers changed from rising inflation being a transitory response to COVID-19, to inflation staying higher for longer. The view that rates would remain low for at least a few years changed to rates being lifted aggressively. The quotes from policymakers at the start of this letter show how they misread the inflation outlook and how quickly their view changed.

We live in extraordinary times. In June 2022, US inflation was up 9.1% from a year ago. Yet the German 10-year Bund yield is less than 1% after easing since late June 2022. As global inflation and interest rates soar, financial markets are already pricing in rate cuts, judging by falling 10-year bond yields in early FY23. Moreover, as commentators warn of recession, the US unemployment rate was 3.6% in June 2022. On some estimates, there are two job openings for every unemployed person in the US. If global recession occurs, it will coincide with full employment in advanced economies – a remarkable result.

This uncertainty does three things. First, it amplifies market noise as commentators focus on bad news and look backwards. Second, uncertainty creates opportunity because investors become fixated with short-term macro-economic news and ignore attractive long-term company valuations. Third, these unusual market conditions reinforce the value of a long-term, disciplined investment framework, such as that used by PM Capital Global Opportunities Fund Limited ("the Company"). PM Capital's strategy to identify and profit from market anomalies has not changed in over 20 years.

<sup>1</sup> US Federal Reserve. FOMC Statement. 3 November 2021

<sup>2</sup> Reserve Bank of Australia. Statement on Monetary Policy. November 2021

<sup>3</sup> Federal Reserve Bank of St. Louis President James Bullard comments during an interview with Yahoo Finance. 11 May 2022

<sup>4</sup> PM Capital Market Insights. July 2022

## FY22 recap

The Company's portfolio was positioned for our expectation of an inflection point in the economic and geopolitical outlook. For more than a year, PM Capital argued that higher inflation was not a transitory response to COVID-19. We said that loss of purchasing power would be a key investment risk this decade as inflation rose. We favoured value stocks on bottom-quartile valuations over expensive growth stocks.

The Company's portfolio allocations reflect those views. At 30 June 2022, 35% of the portfolio was invested in European and US bank stocks. Rising bond yields and interest-rate expectations are positive catalysts for our banking exposures. A small increase in interest rates can lead to a significant increase in bank profitability, provided there is not a significant pullback in credit growth or a large increase in bad debts as the global economy slows.

In resources, 29% of the portfolio is invested in energy and industrial commodities – sectors that historically outperform when inflation rises. Recession fears triggered a sell-off in commodity prices in the final quarter of FY22. But our core thesis – underinvestment in new projects leading to long-term commodity supply constraints – remains firmly intact. Unlike previous cycles, there has not been a material supply-side response to higher commodity prices – another unusual trait of this market.

The Company also avoided investments in the technology sector, particularly in Total Addressable Market (TAM) companies with low or no earnings. Short positions in TAM stocks, such as Carvana Co, an online used-car retailer, added to portfolio performance.

In FY22, the Company returned -1.3% over one year to 30 June 2022,<sup>1</sup> compared to a -6.5% return in the portfolio's benchmark in that period.<sup>2</sup> The Company's gross dividend yield was 9.4%.<sup>3</sup> It is important to note that the Company invests on a minimal 3-5 year framework and typically over a 7-10 year cycle.

For a fuller explanation of the Company's investment strategy and performance, I encourage you to read its Quarterly Report for June 2022.

## Outlook

In March 2020, I argued that the COVID-19 selloff was "one of those rare opportunities that tend to come around every 10 years". The recovery would be characterised by "two steps forward, one step back" as markets priced in escalating economic and geopolitical risks. This occurred early in FY22 when the market became concerned about the Omicron breakout and later by Russia's invasion of Ukraine. Recent concerns over the global economy and geopolitical risks added to the negativity. The Company treats each pullback as an opportunity to capitalise on lower equity prices in the so-called 'value' sector of the market. The rotation from growth to value stocks is just starting and has a long way to run.

Investors must be conscious that the market always looks forward and is already implying future cuts in interest rates, which typically support equity valuations. For all the debate about economic and geopolitical risks, what matters most is company earnings. On that score, the market has now priced in a significant deterioration in earnings in FY23 and FY24 and discounted that likely outcome through sharply lower company valuations.

Rarely have I seen so many stocks fall 30-50% so quickly, or so many single-digit PEs across sectors. Yields are attractive and many stocks look remarkably cheap. That said, nobody knows how markets will play out over the next few months. Russia's war in Ukraine and China's zero COVID-19 policy fuel uncertainty. Policymakers could overshoot with the speed and size of rate rises, exacerbating what could otherwise be a mild, brief recession.

<sup>1</sup> Past performance is not a reliable indicator of future performance. Performance adjusted for capital flows, including those associated with the payment of dividends and tax, share issuance as a result of option exercise and the dividend reinvestment plan.

<sup>2</sup> MSCI World Net Return Index (AUD) in Australian dollars, net dividends reinvested.

<sup>3</sup> Based on the share price at 30 June 2022, and the dividend guidance issued to the ASX on 11 February 2022. The intended fully franked dividend is subject to there being no material adverse changes in market conditions and the investment performance of the Company's portfolio. The Company's ability to continue paying fully franked dividends is dependent on the payment of tax on investment profits and there can be no guarantee that such profits will be generated in the future.

In the Company's portfolio, many stocks now trade on a single-digit forward Price Earnings (PE) multiple and have attractive yields. For example, CaixaBank, a Spanish Bank in our portfolio that is comparable to Commonwealth Bank of Australia, trades on a forecast PE of 6 times and a dividend yield of 8%.<sup>1</sup> Siemens, one of the world's great industrial companies, sells on 12 times earnings<sup>2</sup>. Shell, another portfolio holding, sells at 30% less than its 2017 valuation<sup>3</sup> when oil prices were around US\$60 a barrel.

In addition, sentiment indicators are at record lows. The collapse in sentiment is well demonstrated by the recent collapse of high-profile companies, most recently F45 Training Holdings, a global gym franchise promoted by celebrities.

My sense is that global equities markets have or will likely bottom over the next six months once investors are satisfied about the outcome of the global economic slowdown. As such, I encourage you to reflect on the charts on the next few pages. The first table shows how the market continues to create opportunities over time - and reinforces PM Capital's approach to finding genuine long-term pricing anomalies. The second chart (Russell 1000 index) shows how the rotation from growth into value stocks is just beginning. The third chart shows how cheap valuations in the energy sector have become, particularly as the supply of gas and oil is elevated as a national-security concern in Europe and other regions. The final chart emphasises the unwinding of excessive valuations in the "growth" sector.

Thank you for your support in FY22. I encourage you to follow PM Capital's investing insights, including our podcasts, available on our website and LinkedIn, in FY23 and beyond. The podcasts will provide updates on current valuation dynamics for our investment themes.



Paul Moore  
Chief Investment Officer and Chairman  
PM Capital Limited  
11 August 2022

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<sup>1</sup> At 30 June 2022

<sup>2</sup> Ibid

<sup>3</sup> Ibid

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**Table 1: PM Capital’s approach based on investing for the long term**

## A process based on valuation

*In 2000 - Old economy v new economy; “The lunacy we are witnessing in the .com IPO’s is something I have never before witnessed. It far surpasses any other sector bubble of the last 15 years.”*

<b>2003 Global Brewing</b>	Industry consolidation / 10 PE	bottom quartile	<b>15 years</b>
<b>2009 Credit</b>	A once in a lifetime opportunity	bottom decile	<b>8 years</b>

*In 2010 – Post GFC; “A once in a lifetime opportunity in credit and a once in a generation opportunity in equities.”*

<b>2011 Las Vegas</b>	From crisis comes opportunity / 15% gross rental yields	bottom decile	<b>12 years+</b>
<b>2011 Bank of America</b>	0.5 book value	bottom decile	<b>12 years+</b>
<b>2012 Global Oligopolies</b>	Google, Visa / 12-15 PE	bottom decile	<b>10 years+</b>
<b>2015 Alternative Asset Managers</b>	10%+ dividend yield	bottom decile	<b>7 years+</b>

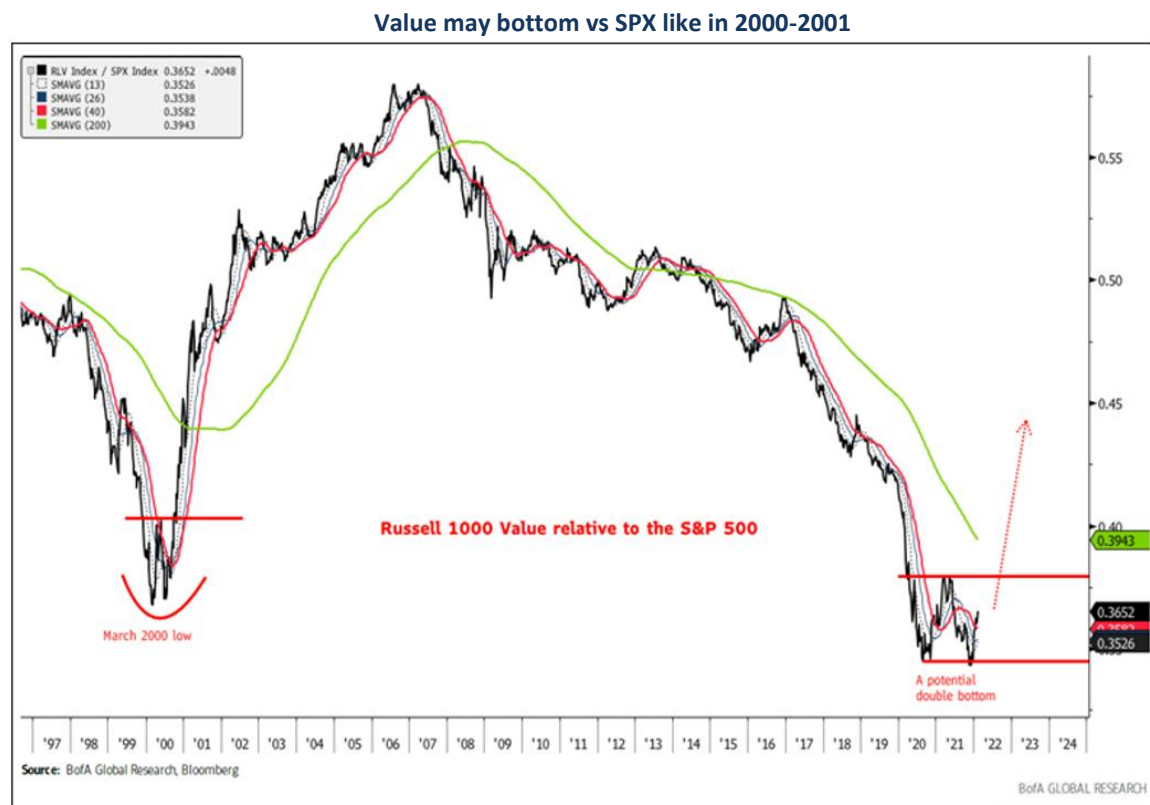
*In 2020 – Post COVID-19; “When we do conquer this current virus, valuations in cyclical sectors of the market will be recognised as being extraordinary, exceeding the return opportunity for the global market index coming out of the 2009 post-GFC lows.”*

<b>2020 Value v Growth</b>	Record valuation dispersion	bottom decile	<b>2 years+</b>
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**Simple ideas – Simple businesses – Multiple iterations**

**Chart 2: Rotation into value stocks just starting**

### Russell 1000 value vs S&P500



**Nearly 30% of S&P 500 stocks trade below 10x fwd P/E which ranks in the 97pctl since 1998**

Source: BoA Global Research, Bloomberg

**PM Capital Global Opportunities Fund Limited**

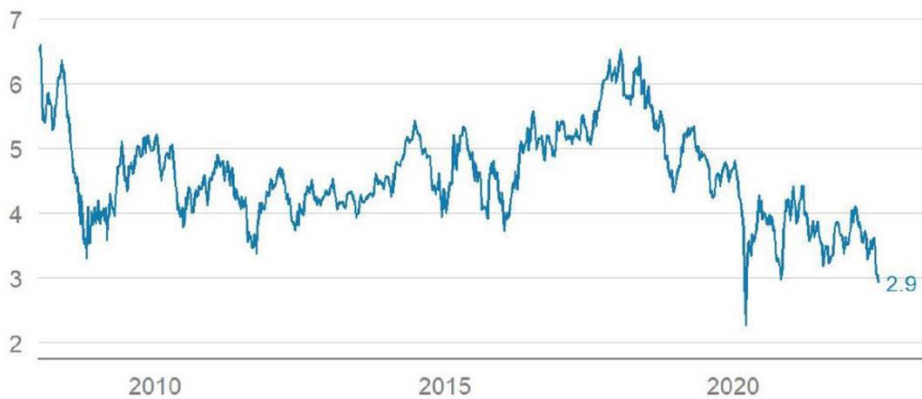
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Chart 3: Energy stocks at record low valuations

## Key Issues Energy Valuation

### Price-to-cash flow multiple

Based on consensus forecasts for rolling, next 12 months



Note: Chart shows aggregate of Shell, Total Energies, BP, Eni and Equinor. Source: Refinitiv, Morgan Stanley Research. July 2022.

Chart 4: Capitulation in lower-quality growth stocks

## Total Addressable Market



Source: Factset

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**LIST OF INVESTMENTS HELD AS AT 30 June 2022**

Investment	Market Value \$
<b><u>Equity Securities</u></b>	
Shell PLC	42,523,141
Apollo Global Management	40,861,664
Teck Resources Ltd-CLS B	39,883,347
ING Groep NV	32,214,087
Siemens AG	26,792,946
Wells Fargo & Company	26,439,764
Caixa Bank S.A	25,327,764
Lloyds Banking Group PLC	24,839,875
Freeport-McMoran Copper	24,634,439
Wynn Resorts Limited	23,730,577
Bank of America Corp	23,316,377
CNOOC LTD	20,897,093
Woodside Energy Group Ltd	20,598,092
JP Morgan Chase	20,379,028
Howard Hughes Corp	18,848,559
AIB Group Plc	17,792,301
AIRBUS SE	17,684,767
Cairn Homes Public Limited Company	15,930,224
Bank of Ireland Group PLC Dublin	14,457,771
Neinor Homes SLU	12,745,236
Flutter Entertainment PLC	12,605,004
First Quantum Minerals	12,023,540
Oracle Corp	11,646,084
Glenveagh Properties PLC	11,421,570
Truist Financial Corp	10,775,677
Applus Services SA	9,914,986
Sands China	9,724,332
AEDAS Homes	9,430,801
SPIE SA	5,867,426
MGM China Holdings Ltd	4,851,504
Northern Star Resources	4,849,902
Barclays PLC	4,597,199
Star Entertainment	3,883,733
Frontier Digital Ventures	2,159,299
Seek Limited	(1,808,100)
REA Group Limited	(2,037,319)
Carmax Inc	(2,136,836)
Kellogg Co	(3,382,490)
Campbell Soup Company	(3,561,563)
McDonald's Corporation	(6,753,163)
General Mills Inc	(7,493,431)
Apple Inc	(9,490,972)

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**LIST OF INVESTMENTS HELD AS AT 30 June 2022 (CONTINUED)**

Investment	Market Value \$
<b>Cash &amp; Other Securities</b>	
Total Cash assets (per note 3 to the financial statement)	41,927,059
Collateral Accounts	2,051,023
Futures	4,080,826
Options	(623,206)
Currency forward contracts	(4,344,673)
Total Interest bearing liabilities (per note 3 to the financial statements)	(10,198,062)
	<b>599,877,202</b>

**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>

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## DIRECTORS' REPORT

The directors submit the financial report of PM Capital Global Opportunities Fund Limited ("the Company") for the year ended 30 June 2022.

### 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

*Chairman and Independent Non-executive Director*

*Member of the Audit Committee*

*Member of the Nomination and Corporate Governance Committee*

Mr Knoblanche has over 37 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 Non-executive Director of HiPages Limited, Non-executive Director of Latitude Financial Insurance (Hallmark companies). Boards on which Mr Knoblanche has previously served include: Environment Protection Authority of NSW; iSelect Limited; 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 29 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 a Director of APP Securities 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*

*Company Secretary (appointed 7 September 2021)*

*Member of the Audit Committee*

*Member of the Nomination and Corporate Governance Committee*

Mr Skilbeck has over 26 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. 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 22 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 Company Secretary for PM Capital 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	15	15
Brett Spork	15	15
Ben Skilbeck**	8	8

\* In addition, 18 circular resolutions were made.

\*\* Mr Skilbeck's absence from meetings related to only those meetings for which the Governance Protocols associated with the proposed Scheme of Arrangement between the Company and PM Capital Asian Opportunities Fund Limited were in place between 15 September 2021 and 12 January 2022.

#### Nomination and Corporate Governance Committee Meetings

Director	Meetings Held and Entitled to Attend	Meetings Attended
Chris Knoblanche	4	4
Brett Spork	4	4
Ben Skilbeck	3	3

#### Audit Committee Meetings

Director	Meetings Held and Entitled to Attend	Meetings Attended
Chris Knoblanche	4	4
Brett Spork	4	4
Ben Skilbeck	4	4

### Board Skills Matrix

	All Directors
<u>Skills</u>	
Strategy - experience with defining and implementing strategic objectives.	✓
Financial Acumen - experience in accounting, financial reporting and corporate finance	✓
Risk and Compliance - able to identify key risks and risk management effectiveness	✓
Corporate Governance - knowledge and experience of best practice governance	✓
<u>Industry</u>	
Investment Management - extensive experience specifically in investment management	✓
Financial Services - extensive experience in financial services outside of investment management (for example broking, banking, capital markets, superannuation)	✓

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## 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 2022 were as follows:

Director	Number of Shares	Number of Options
Chris Knoblanche	31,666	-
Brett Spork	50,000	-
Ben Skilbeck	314,123	-
Richard Matthews	202,583	-

The relevant interests of the Directors and their related entities in the Securities of the Company as at 30 June 2021 were as follows:

Director	Number of Shares	Number of Options
Chris Knoblanche	25,000	-
Brett Spork	35,000	-
Ben Skilbeck	304,123	-
Richard Matthews	192,583	-

### 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:

	2022	2021
	\$	\$
(Loss)/profit before Income Tax	(5,123,624)	208,041,743
Income tax benefit/(expense)	3,851,623	(61,654,839)
(Loss)/profit for the year attributable to shareholder	<u>(1,272,001)</u>	<u>146,386,904</u>

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:

	2022	2021
	%	%
Equity Securities	95.2 %	100.8 %
Collateral Accounts	0.3 %	1.3 %
Financial liabilities at fair value through profit or loss	(0.8)%	(1.0)%
Cash and cash equivalent assets and interest bearing liabilities	5.3 %	(1.1)%

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## DIRECTORS' REPORT (CONTINUED)

### Dividends

On 11 August 2022, the Directors declared a fully franked final dividend of 5.0 cents per ordinary share (June 2021: 5.0 cents) which will be paid on 6 October 2022. The Ex-Dividend date is 15 September 2022, and the Record Date is 16 September 2022.

The amount of the proposed fully franked final dividend, which is not recognised as a liability as at 30 June 2022, is \$19,568,569 (June 2021: \$17,640,222).

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 19 September 2022. No discount will be offered on the Dividend Reinvestment Plan in respect of this dividend.

A fully franked interim dividend of 5.0 cents per ordinary share, amounting to \$19,539,238, was paid on 29 April 2022.

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

### Company Share Purchase Plan

On 12 August 2021, the Company announced a Company Share Purchase Plan ("SPP"). The SPP opened on 16 August 2021 and closed on 7 September 2021, allowing eligible Shareholders to purchase up to \$30,000 worth of Shares without paying any brokerage or other costs that would normally apply to an on-market purchase of Shares. Applications totalling \$55,956,080 were received, and 37,303,567 shares were allotted on 13 September 2021 based on the issue price of \$1.500.

### The Proposed merger between PM Capital Asian Opportunities Fund Limited ("PAF") and the Company

On 15 September 2021, the Company and PAF entered into a Scheme Implementation Deed to merge the two entities by way of Scheme of Arrangement ("Scheme"). On 13 December 2021, the resolution to approve the Scheme was not passed by the required votes of PAF's shareholders at the Scheme Meeting and the merger did not proceed.

On 28 September 2021, WAM Capital Limited ("WAM") announced an unsolicited conditional off-market take over bid for all the issued shares in PAF. The initial consideration was 1 WAM share for 1.99 PAF shares, this was increased to 1 WAM share for 1.95 of the PAF's shares on 11 January 2022. On 12 January 2022, the Company accepted WAM's offer and for the Company's holdings in PAF were issued 5,858,554 WAM shares in exchange for 11,424,181 shares in PAF. The Company subsequently sold its WAM shares for \$12,757,857. This represented a 15% premium to the \$11,084,458 value of the Company's PAF holdings as at market close on 14 September 2021, being the day prior to the announcement of the Scheme. This result was achieved in the face of PAF's pre-tax NTA declining 8% from \$1.17 per Share announced on 13 September 2021 immediately prior to the Scheme announcement, to \$1.08 announced on 31 January 2022 prior to the divestment of WAM Shares on 4 February 2022.

Refer to note 12 related party information for further information.

### Net Assets

As at 30 June 2022 the net assets of the Company were \$555,149,651 (2021: \$537,520,034). Please refer to the Statement of Financial Position for further details.

### State of Affairs

During the financial year, other than the Company Share Purchase Plan, there was no other significant change in the state of affairs of the Company.

## DIRECTORS' REPORT (CONTINUED)

### Events Subsequent to Balance Date

Other than the dividend declared above, no other 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.

### 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, in accordance with advice provided by the audit committee, 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*. The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

### 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 18.

## DIRECTORS' REPORT (CONTINUED)

### Remuneration Report

This remuneration report sets out information about the remuneration of the Company's directors for the year ended 30 June 2022, 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 were:

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

#### 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 2022 was as follows:

Director	Directors' fees \$	Superannuation \$	Total \$
Chris Knoblanche	47,222	-	47,222
Brett Spork	38,384	3,838	42,222
Ben Skilbeck	-	-	-
Richard Matthews	-	-	-
	85,606	3,838	89,444

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

Directors' remuneration received or receivable for the year ended 30 June 2021 was as follows:

Director	Directors' fees \$	Superannuation \$	Total \$
Chris Knoblanche	40,000	-	40,000
Brett Spork	31,963	3,037	35,000
Ben Skilbeck	-	-	-
Richard Matthews	-	-	-
	71,963	3,037	75,000

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 11<sup>th</sup> day of August 2022, in accordance with a resolution of the Board of Directors by:



**Chris Knoblanche AM**  
**Chairman**

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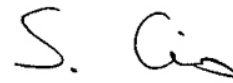
**Auditor's Independence Declaration**

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 2022, 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**  
**11 August 2022**



**S Grivas**  
**Partner**

**hlb.com.au**

**HLB Mann Judd (NSW Partnership) ABN 34 482 821 289**

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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2022 \$	2021 \$
<b>Revenue</b>			
Interest		4,779	376,219
Dividends		18,571,788	6,815,320
Gains on investments at fair value through profit or loss		785,823	194,535,316
(Losses)/Gains on foreign exchange		(6,040,919)	16,835,732
<b>Total revenue</b>		<b>13,321,471</b>	<b>218,562,587</b>
<b>Expenses</b>			
Management fees	8 (a)	6,575,025	5,053,380
Performance fees	8 (a)	10,031,221	3,643,463
Brokerage and trading fees		637,150	528,819
Finance costs		304,531	441,570
Registry fees		179,831	177,234
Insurance		175,126	149,317
Administration fees		168,163	127,713
ASX fees		165,112	105,298
Directors' fees	12	89,444	75,000
Legal and professional fees (net of break fee)	12	47,161	83,728
Audit fees	8 (b)	46,500	45,100
Other operating expenses		25,831	90,222
<b>Total expenses</b>		<b>18,445,095</b>	<b>10,520,844</b>
<b>(Loss)/profit for the year before income tax</b>		<b>(5,123,624)</b>	<b>208,041,743</b>
Income tax benefit/(expense)	6 (a)	3,851,623	(61,654,839)
<b>(Loss)/profit after income tax</b>		<b>(1,272,001)</b>	<b>146,386,904</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive (loss)/income attributable to shareholders</b>		<b>(1,272,001)</b>	<b>146,386,904</b>
<b>Basic (losses)/earnings per share</b>	9	<b>(0.33) cents</b>	<b>41.50 cents</b>
<b>Diluted (losses)/earnings per share</b>	9	<b>(0.33) cents</b>	<b>41.50 cents</b>

*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 2022**

	Note	2022 \$	2021 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	41,927,059	25,265,611
Collateral accounts		2,051,023	7,735,967
Financial assets at fair value through profit or loss	2 (d)	571,065,061	611,103,484
Receivables	4	2,295,522	244,487
<b>Total current assets</b>		<b>617,338,665</b>	<b>644,349,549</b>
<b>Non-current assets</b>			
Deferred tax assets	6 (c)	157,157	50,194
<b>Total non-current assets</b>		<b>157,157</b>	<b>50,194</b>
<b>TOTAL ASSETS</b>		<b>617,495,822</b>	<b>644,399,743</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Interest bearing liabilities	3	10,198,062	32,115,283
Financial liabilities at fair value through profit or loss	2 (d)	4,967,879	6,025,911
Payables	5	11,814,624	5,331,843
Income tax payable		19,263,491	24,296,404
<b>Total current liabilities</b>		<b>46,244,056</b>	<b>67,769,441</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	6 (c)	16,102,115	39,110,268
<b>Total non-current liabilities</b>		<b>16,102,115</b>	<b>39,110,268</b>
<b>TOTAL LIABILITIES</b>		<b>62,346,171</b>	<b>106,879,709</b>
<b>NET ASSETS</b>		<b>555,149,651</b>	<b>537,520,034</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	7	406,688,968	348,742,713
Retained profits		36,466,463	129,446,368
Profit reserve		111,994,220	59,330,953
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>555,149,651</b>	<b>537,520,034</b>

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

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**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2022 \$	2021 \$
<b>Cash flows from operating activities</b>			
Interest received		4,779	389,103
Dividends received		16,711,608	6,618,388
Interest paid		(342,301)	(458,209)
Management fees paid		(6,434,683)	(4,522,200)
Performance fees paid		(3,643,463)	-
Income tax (paid) / received		(24,296,406)	5,781,601
Brokerage and trading fees paid		(637,150)	(457,251)
Other operating expenses		(1,086,264)	(907,238)
<b>Net cash (outflow)/inflow from operating activities</b>	10	<b>(19,723,880)</b>	<b>6,444,194</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of investments		173,913,502	215,229,740
Purchase of investments		(134,892,788)	(186,602,731)
<b>Net cash inflow from investing activities</b>		<b>39,020,714</b>	<b>28,627,009</b>
<b>Cash flows from financing activities</b>			
Dividends paid (Net of DRP)		(37,054,459)	(14,217,987)
Share repurchased under buy-back		-	(5,085,210)
Shares issued under share purchase plan		55,956,080	-
<b>Net cash inflow/(outflow) from financing activities</b>		<b>18,901,621</b>	<b>(19,303,197)</b>
Impact of exchange rate changes on cash and cash equivalents		<b>380,214</b>	<b>(111,914)</b>
<b>Net increase in cash and cash equivalents</b>		<b>38,578,669</b>	<b>15,656,092</b>
Cash and cash equivalents at the beginning of the financial year		(6,849,672)	(22,505,764)
Cash and cash equivalents at the end of the financial year	3	<b>31,728,997</b>	<b>(6,849,672)</b>

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

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2022**

Note	Share Capital	Profit Reserve	Retained Profits	Total Equity
	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>	<b>349,730,412</b>	-	<b>60,705,915</b>	<b>410,436,327</b>
Total comprehensive income for the year	-	-	146,386,904	146,386,904
Transfer to profit reserve	-	59,330,953	(59,330,953)	-
<b>Subtotal</b>	<b>349,730,412</b>	<b>59,330,953</b>	<b>147,761,866</b>	<b>556,823,231</b>
<b>Transactions with owners in their capacity as owners</b>				
Shares issued under the Company's dividend reinvestment plan	7 3,421,259	-	-	3,421,259
Share buy-back	(4,408,958)	-	(676,252)	(5,085,210)
Dividends paid (2.5 cents per share paid on 8 October 2020, and 2.5 cents per share paid on 25 March 2021)	-	-	(17,639,246)	(17,639,246)
<b>Subtotal</b>	<b>(987,699)</b>	<b>-</b>	<b>(18,315,498)</b>	<b>(19,303,197)</b>
<b>Balance at 30 June 2021</b>	<b>348,742,713</b>	<b>59,330,953</b>	<b>129,446,368</b>	<b>537,520,034</b>
<b>Balance at 1 July 2021</b>	<b>348,742,713</b>	<b>59,330,953</b>	<b>129,446,368</b>	<b>537,520,034</b>
Total comprehensive loss for the year	-	-	(1,272,001)	(1,272,001)
Transfer to profit reserve	-	52,663,267	(52,663,267)	-
<b>Subtotal</b>	<b>348,742,713</b>	<b>111,994,220</b>	<b>75,511,100</b>	<b>536,248,033</b>
<b>Transactions with owners in their capacity as owners</b>				
Shares issued under the Company's dividend reinvestment plan	7 1,990,175	-	-	1,990,175
Share purchase plan	55,956,080	-	-	55,956,080
Dividends paid (5.0 cents per share paid on 14 October 2021, and 5.0 cents per share paid on 29 April 2022)	-	-	(39,044,637)	(39,044,637)
<b>Subtotal</b>	<b>57,946,255</b>	<b>-</b>	<b>(39,044,637)</b>	<b>18,901,618</b>
<b>Balance at 30 June 2022</b>	<b>406,688,968</b>	<b>111,994,220</b>	<b>36,466,463</b>	<b>555,149,651</b>

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

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**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 11, 68 York 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 2022, and were authorised for issue by the Directors on 11 August 2022.

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.

**(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 2022 (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% (2021: 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.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022 (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.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022 (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 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) Profit Reserve**

The profit reserve is made up of amounts transferred from current and retained earnings that are preserved for future dividend payments.

**(s) 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 2022 reporting year that are material to the financial statements.

**(t) 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 2022 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.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022 (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.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022 (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 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 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.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022 (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\$
<b>2022</b>						
<b>Assets</b>						
Cash and cash equivalents	8,391,864	32,946,042	494,334	-	94,819	41,927,059
Collateral accounts	-	62,441	-	1,988,582	-	2,051,023
Financial assets at fair value through profit or loss:						
Listed securities	27,645,607	207,697,062	84,565,219	199,579,878	47,496,469	566,984,235
Futures	-	4,080,826	-	-	-	4,080,826
Receivables	153,368	-	-	-	2,142,154	2,295,522
Deferred tax assets	157,157	-	-	-	-	157,157
<b>Total assets</b>	<b>36,347,996</b>	<b>244,786,371</b>	<b>85,059,553</b>	<b>201,568,460</b>	<b>49,733,442</b>	<b>617,495,822</b>
<b>Liabilities</b>						
Interest bearing liabilities	-	-	-	1,346,276	8,851,786	10,198,062
Financial liabilities at fair value through profit or loss:						
Options	-	299,644	-	323,562	-	623,206
Currency forward contracts	(438,404,975)	193,430,596	39,785,347	190,967,586	18,566,119	4,344,673
Payables	11,814,624	-	-	-	-	11,814,624
Income tax payable	19,263,491	-	-	-	-	19,263,491
Deferred tax liabilities	16,102,115	-	-	-	-	16,102,115
<b>Total liabilities</b>	<b>(391,224,745)</b>	<b>193,730,240</b>	<b>39,785,347</b>	<b>192,637,424</b>	<b>27,417,905</b>	<b>62,346,171</b>
<b>Net assets</b>	<b>427,572,741</b>	<b>51,056,131</b>	<b>45,274,206</b>	<b>8,931,036</b>	<b>22,315,537</b>	<b>555,149,651</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022 (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\$
<b>2021</b>						
<b>Assets</b>						
Cash and cash equivalents	3,787,627	21,383,645	-	-	94,339	25,265,611
Collateral accounts	-	7,735,967	-	-	-	7,735,967
Financial assets at fair value through profit or loss:						
— Listed securities	14,032,528	294,672,307	67,960,882	175,478,073	58,877,716	611,021,506
— Options	2,990	78,988	-	-	-	81,978
Receivables	42,176	68,396	-	-	133,915	244,487
Deferred tax assets	50,194	-	-	-	-	50,194
<b>Total assets</b>	<b>17,915,515</b>	<b>323,939,303</b>	<b>67,960,882</b>	<b>175,478,073</b>	<b>59,105,970</b>	<b>644,399,743</b>
<b>Liabilities</b>						
Interest bearing liabilities	-	-	20,546,385	7,369,561	4,199,337	32,115,283
Financial liabilities at fair value through profit or loss:						
— Futures	-	1,976,964	-	-	-	1,976,964
— Currency forward contracts	(197,000,000)	102,900,269	18,397,731	61,513,866	18,237,081	4,048,947
Payables	5,331,843	-	-	-	-	5,331,843
Income tax payable	24,296,404	-	-	-	-	24,296,404
Deferred tax liabilities	39,110,268	-	-	-	-	39,110,268
<b>Total liabilities</b>	<b>(128,261,485)</b>	<b>104,877,233</b>	<b>38,944,116</b>	<b>68,883,427</b>	<b>22,436,418</b>	<b>106,879,709</b>
<b>Net assets</b>	<b>146,177,000</b>	<b>219,062,070</b>	<b>29,016,766</b>	<b>106,594,646</b>	<b>36,669,552</b>	<b>537,520,034</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)**

**2. Financial risk management (continued)**

**(b) Market risk (continued)**

*(i) Foreign currency risk (continued)*

*Foreign currency sensitivity*

A sensitivity of 5% (2021: 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 2022	6,714,574	1.2%	(6,075,091)	(1.1%)
30 June 2021	20,597,002	3.8%	(18,635,383)	(3.5%)

*(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.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022 (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 2022 and 30 June 2021 is set out below:

Industry Groups	2022	2021
Banks	35%	34%
Energy	15%	7%
Materials	14%	20%
Consumer Services	8%	7%
Capital Goods	8%	4%
Diversified Financials	7%	9%
Consumer Durables & Apparel	7%	0%
Real Estate	5%	13%
Commercial & Professional Services	3%	2%
Software & Services	2%	4%
Retailing	0%	(2%)
Technology Hardware & Equipment	(2%)	0%
Food, Beverage & Tobacco	(3%)	0%
Risk Protection	1%	0%
Others	0%	2%
<b>Total</b>	<b>100%</b>	<b>100%</b>

*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% [2021: 5%] with all other variables being constant, this would have increased/(decreased) the net assets attributable to shareholders by approximately +/- \$28,349,212 [2021: +/- \$30,551,225]. 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.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022 (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 a custodian 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 \$27,298,694 [2021: \$68,654,149]. 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 \$12,132,753 [2021: \$30,512,955] as at balance date.

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

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022 (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 (as prices) or indirectly (derived from prices) (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: Currency forward contracts.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022 (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 2022 and 30 June 2021:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>2022</b>				
<b>Financial assets at fair value through profit or loss</b>				
Listed securities	566,984,235	-	-	566,984,235
Futures	4,080,826	-	-	4,080,826
	<u>571,065,061</u>	-	-	<u>571,065,061</u>
<b>Financial liabilities at fair value through profit or loss</b>				
Options	623,206	-	-	623,206
Currency forward contracts	-	4,344,673	-	4,344,673
	<u>623,206</u>	<u>4,344,673</u>	-	<u>4,967,879</u>
<b>2021</b>				
<b>Financial assets at fair value through profit or loss</b>				
Listed securities	611,021,506	-	-	611,021,506
Options	81,978	-	-	81,978
	<u>611,103,484</u>	-	-	<u>611,103,484</u>
<b>Financial liabilities at fair value through profit or loss</b>				
Futures	1,976,964	-	-	1,976,964
Currency forward contracts	-	4,048,947	-	4,048,947
	<u>1,976,964</u>	<u>4,048,947</u>	-	<u>6,025,911</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.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)**

	2022 \$	2021 \$
<b>3. Cash and cash equivalents and Interest bearing liabilities</b>		
<i>Cash and cash equivalents</i>		
Cash at bank (Custodian) – USD	32,946,042	21,383,645
Cash at bank (Custodian) – AUD	8,391,604	3,787,627
Cash at bank (Custodian) – CAD	94,819	94,339
Cash at bank (Custodian) – GBP	494,334	-
Deposits in Money Markets	260	-
	<hr/>	<hr/>
	41,927,059	25,265,611
<i>Interest bearing liabilities</i>		
Overdraft at Custodian	(10,198,062)	(32,115,283)
	<hr/>	<hr/>
	31,728,997	(6,849,672)

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.

	2022 \$	2021 \$
<b>4. Receivables</b>		
Dividends receivable	2,142,154	202,311
GST receivable	144,629	10,870
Interest receivable	8,739	-
Other receivables	-	31,306
	<hr/>	<hr/>
	2,295,522	244,487
<b>5. Payables</b>		
Performance fee payable	10,031,221	3,643,463
Trade creditors and accruals	1,713,049	1,659,349
Outstanding settlements	70,354	-
Interest payable	-	29,031
	<hr/>	<hr/>
	11,814,624	5,331,843

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)**

**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:

	2022 \$	2021 \$
(Loss)/profit for the year before income tax	(5,123,624)	208,041,743
Prima facie income tax (benefit)/expense calculated at 30% (2021: 30%)	(1,537,088)	62,412,523
Prior year over provision	-	6,964
Non-assessable income	-	(3,000)
Tax credits – current year	(2,314,535)	(761,648)
Income tax (benefit)/expense	(3,851,623)	61,654,839

**(b) Franking credits**

	2022	2021
Franking credits available for subsequent reporting periods based on a tax rate of 30% (2021: 30%)	\$35,910,594	\$33,258,116
Number of shares on issue at the end of the financial year	391,371,371	352,804,435
Franking Credits available per Share on issue	\$0.0918	\$0.0943

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.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)**

2022	2021
\$	\$

**6. Income tax (continued)**

**(c) Deferred tax**

Deferred tax assets are represented by the following temporary differences:

Accruals	13,139	34,240
Insurances	18,712	15,954
Black hole expenditure	125,306	-
	<u>157,157</u>	<u>50,194</u>

Deferred tax liabilities are represented by the following temporary differences:

Unrealised gains on investments	15,484,307	39,050,514
Dividends receivable	617,808	59,754
	<u>16,102,115</u>	<u>39,110,268</u>

**7. Share capital**

There is a single class of ordinary shares on issue. 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:

	2022 Number of shares	2021 Number of shares
Shares on issue at beginning of the year	352,804,435	354,175,578
Shares issued under the Company's dividend reinvestment plan	1,263,369	3,094,268
Shares repurchased under buy-back	-	(4,465,411)
Shares issued under share purchase plan	37,303,567	-
	<u>391,371,371</u>	<u>352,804,435</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.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022 (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 \$6,575,025 (2021: \$5,053,380) as fees paid or payable to the Investment Manager and as at balance date an amount of \$1,654,251 (2021: \$1,545,215) 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.

The Company expensed an amount of \$10,031,221 (2021: \$3,643,463) as performance fees paid or payable during the year.

**(b) Auditor's Remuneration**

	2022 \$	2021 \$
Audit and review of the financial statements	46,500	45,100
Tax compliance services	9,650	9,714
Tax advice	-	36,680
	56,150	91,494

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)**

	2022	2021
<b>9. Earnings per share</b>		
Basic (losses)/earnings per share	(0.33) cents	41.50 cents
Diluted (losses)/earnings per share	(0.33) cents	41.50 cents
<b>Reconciliation of (losses)/earnings and weighted average number of shares used in calculating basic and diluted (losses)/earnings per share:</b>		
(Losses)/earnings used in calculating basic (losses)/earnings per share	(\$1,272,001)	\$146,386,904
(Losses)/earnings used in calculating diluted (losses)/earnings per share	(\$1,272,001)	\$146,386,904
Weighted average number of ordinary shares used in the calculation of basic (losses)/earnings per share	383,128,411	352,710,741
Weighted average number of shares used in the calculation of diluted (losses)/earnings per share	383,128,411	352,710,741

**10. Cash flow statement**

	2022	2021
	\$	\$
<b>Reconciliation of Profit/(loss) after income tax to Cash Flow from Operating Activities</b>		
Profit/(loss) after income tax	(1,272,001)	146,386,904
(Gains) on Investments at fair value through profit or loss	(785,823)	(194,525,281)
Losses/(gains) on Foreign Exchange	6,040,919	(16,835,732)
<i>Changes in assets and liabilities:</i>		
Increase in receivables	(1,971,373)	(194,596)
(Decrease)/increase in income tax payable	(5,032,913)	24,296,404
Decrease in income tax receivable	-	5,831,615
Increase in deferred tax assets	(106,963)	(8,285)
(Decrease)/increase in deferred tax liabilities	(23,008,153)	37,316,706
Increase in payables	6,412,427	4,176,459
Net cash (outflow)/inflow from Operating Activities	<u>(19,723,880)</u>	<u>6,444,194</u>

**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.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022 (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).

The Company is managed by the Investment Manager.

On 15 September 2021, the Company and PM Capital Asian Opportunities Fund Limited ("PAF") entered into a Scheme Implementation Deed to merge the two entities by way of Scheme of Arrangement ("Scheme"). On 13 December 2021, the PAF shareholder resolution to approve the Scheme failed to obtain the requisite 75% of votes cast at the Scheme Meeting. In accordance with the Scheme Implementation Deed, a \$500,000 break fee became payable by PAF to the Company where a Competing Proposal was announced before the Scheme's Second Court Date and within 12 months of the announcement of the Scheme and the person announcing the Competing Proposal acquired relevant interests exceeding 20% of the PAF shares. Following WAM Capital Limited ("WAM") relevant interest exceeding 20% of PAF, the Company was paid the \$500,000 break fee.

On 28 September 2021, WAM announced an unsolicited conditional off-market take-over bid for all the issued shares in PAF. On 5 November 2021, WAM announced that its takeover offer for PAF was unconditional. The initial consideration was 1 WAM share for 1.99 of PAF's shares, this was increased to 1 WAM share for 1.95 PAF shares on 11 January 2022 and the offer close date was extended to 18 February 2022.

On 12 January 2022, the Company accepted WAM's increased take-over offer for the Company's holdings in PAF and were issued 5,858,554 WAM shares in exchange for 11,424,181 shares in PAF.

During the year ended 30 June 2022, the Company increased its holdings in Icar Asia Limited (ICQ.ax) by purchasing shares from the PM Capital Asian Companies Fund. The Company purchased 1,400,000 shares through on-market trades at the market Volume Weighted Average Price ("VWAP") on trade day. The total value of the securities purchased was \$622,300.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)**

**12. Related party transactions (continued)**

Directors' Remuneration

Directors' remuneration received or receivable for the year ended 30 June 2022 was as follows:

Director	Directors' fees \$	Superannuation \$	Total \$
Chris Knoblanche	47,222	-	47,222
Brett Spork	38,384	3,838	42,222
Ben Skilbeck	-	-	-
Richard Matthews	-	-	-
	<u>85,606</u>	<u>3,838</u>	<u>89,444</u>

Directors' remuneration received or receivable for the year ended 30 June 2021 was as follows:

Director	Directors' fees \$	Superannuation \$	Total \$
Chris Knoblanche	40,000	-	40,000
Brett Spork	31,963	3,037	35,000
Ben Skilbeck	-	-	-
Richard Matthews	-	-	-
	<u>71,963</u>	<u>3,037</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.

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## DIRECTORS' DECLARATION

1. In the directors' opinion:
  - (a) the financial statements and notes set out on pages 19 to 42 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 2022 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 2022 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**  
**11 August 2022**

**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 2022, 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 2022 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.

<b>Key Audit Matter</b>	<b>How our audit addressed the key audit matter</b>
<b><i>Existence and Valuation of Cash and Investments</i></b>	
At 30 June 2022 the Company held “Cash and Cash Equivalents” of \$41,927,059, “Financial assets at fair value through profit or loss” of \$571,065,061 and “Collateral accounts” of \$2,051,023, 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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<b>Key Audit Matter</b>	<b>How our audit addressed the key audit matter</b>
<b><i>Existence and Valuation of Cash and Investments (continued)</i></b>	
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.	
<b><i>Completeness of Interest Bearing Liabilities and Other Financial Liabilities</i></b>	
At 30 June 2022 the Statement of Financial Position shows "Interest bearing liabilities" of \$10,198,062 and "Financial liabilities at fair value through profit or loss" of \$4,967,879.	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.	
<b><i>Completeness and Occurrence of Performance and Management Fees</i></b>	
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 2022 the Company incurred "performance fees" of \$10,031,221 and "management fees" of \$6,575,025 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 2022, 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 on page 17 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of the Company for the year ended 30 June 2022 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  
11 August 2022**

S. Grivas

**S Grivas  
Partner**

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## 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 21 July 2022.

Holder name	Ordinary Shares held	% of Issued Shares
HSBC Custody (Australia) Limited	40,803,134	10.43%
Roaring Lion Pty Limited	19,579,718	5.00%
Horizon Investments Australia Pty Limited	12,031,773	3.07%
Nulis Nominees (Australia)	5,144,572	1.31%
BNP Paribas Nominees Pty Ltd	4,441,115	1.13%
Navigator Australia Ltd	2,378,771	0.61%
Netwealth Investments Limited	3,714,108	0.95%
Becjohn Pty Limited	2,020,000	0.52%
JP Morgan Nominees Australia	1,801,810	0.46%
Mutual Trust Pty Ltd	1,539,000	0.39%
Citicorp Nominees Pty Ltd	1,392,698	0.36%
Charles & Cornelia Goode Foundation Pty Ltd	1,364,887	0.35%
Barefoot Super Pty Ltd	1,320,000	0.34%
Sterda Pty Ltd	1,020,000	0.26%
Mordant Investments Pty Ltd	1,000,000	0.26%
Old Fletcher & Partners Pty Ltd	950,000	0.24%
Geat Incorporated	784,864	0.20%
Oneilco Pty Ltd	770,000	0.20%
Duo Superannuation Pty Ltd	726,222	0.19%
Brixton Capital	720,364	0.18%
	<b>103,503,036</b>	<b>26.45%</b>

### Substantial Shareholders

Details of substantial shareholders and their respective holdings as at 21 July 2022.

Holder name	Ordinary Shares held	% of Issued Shares
Paul Moore, Roaring Lion Pty Ltd as trustee for the Roaring Lion Super Fund, Horizon Investments Australia Pty Limited and associated entities	66,226,900	16.92%
	<b>66,226,900</b>	<b>16.92%</b>

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## SHAREHOLDER INFORMATION (CONTINUED)

### Distribution of Shares

Analysis of numbers of equity security holders, by size of holding, as at 21 July 2022.

Holding	Number of shareholders	Ordinary shares held	% of Issued Shares
1-1,000	309	125,148	0.03%
1,001-5,000	731	2,362,908	0.60%
5,001-10,000	1,144	9,165,980	2.34%
10,001-100,000	5,523	185,671,578	47.44%
100,001 and over	508	194,045,757	49.59%
<b>Totals</b>	<b>8,215</b>	<b>391,371,371</b>	<b>100.00%</b>

The number of holders possessing less than a marketable parcel of the Company's ordinary shares, based on the closing market price as at 21 July 2022, is 129.

### 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 397.

The total brokerage paid (net of RITC) on these transactions was \$576,753.

## 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 - Independent Non-executive Director  
Ben Skilbeck - Executive Director  
Richard Matthews - Alternate Director for Ben Skilbeck

**Company Secretary:** Richard Matthews  
Ben Skilbeck (appointed 7 September 2021)

**Investment Manager:** PM Capital Limited  
Level 11, 68 York 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 11, 68 York Street  
Sydney NSW 2000  
Telephone: (+612) 8243 0888

**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>