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ASX Limited
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By: E-lodgement

RE: UNITED KINGDOM REFERENDUM

The Company notes that the United Kingdom held a referendum last week to consider whether to remain within, or exit, the European Union.

Although a Leave vote was always a possibility, late on Thursday, prior to the initial results being announced, bookmakers were reflecting a 90% probability of a Remain vote. Even UKIP leader, Mr Nigel Farage was relatively sombre in his televised TV comments at about midnight UK time. The result is now well known and financial markets, particularly in Europe, have reacted with shock, given the obvious political and economic uncertainty that will now entail. This will have an impact on the Company portfolio, particularly in relation to our UK and bank holdings. The Company will issue its weekly NTA estimate in the normal course on Tuesday 28 June 2016. Preliminary estimates suggest that the NTA before tax accruals as at the close of trade on Friday 24 June 2016 will be down approximately 5% from the NTA recorded on Friday 17 June 2016.

We are pleased to provide shareholders with a market update on behalf of our Investment Manager, PM CAPITAL Limited:

The decision to leave the EU will have a short term impact on the UK, European and global economies. The magnitude will be difficult to decipher and will only be known in hindsight. Longer term, it could be positive or negative. The obvious is well known, with both the possibility that this leads to the unwinding of both the UK and EU, or it may finally galvanise to EU into a complete and proper union which ultimately would be positive. One should also note that the depreciation of the pound will be a positive stimulus to their economic position at some point, and that banks balance sheets are significantly stronger and more liquid than at any point in recent history.

Co-incidentally, last Thursday the US Federal Reserve released the results of their latest bank stress tests, from which we note¹ that the "US banking system has the financial strength to withstand an economic meltdown — and negative US interest rates — that cause losses of \$385bn", regulators said on Thursday [June 23]. Each of the 33 banks tested survived the toughest scenario designed by the US Federal Reserve. Under the simulation, which lasts for nine quarters, stock prices drop about 50 per cent, unemployment reaches 10 per cent, and gross domestic product declines sharply. For the first time the Federal Reserve also tested how bank balance sheets would cope with negative interest rates.

¹ Source: Alistair Gray and Barney Jopson, The Financial Times 23 June 2016, "Big banks pass first round of Fed's stress test"

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The Chief Investment Officer of PM CAPITAL, Mr Paul Moore said that:

“The most important issue, when an event of this magnitude has occurred, is to ensure that one avoids the gravitational pull of short term emotion and ensure that decisions are made based on what is going to happen and not what has recently happened. The landscape has clearly changed and thus one’s investment framework may also require some change.

Markets also often over react to the most recent event and thus there may be opportunities. This is what PM CAPITAL Limited will be focusing on in the immediate future”

On Thursday 30 June 2016 the Company intends to issue a video update from Mr Moore containing some additional comments and insights on pre and post Brexit.

Yours faithfully

PM Capital Global Opportunities Fund Limited



Richard Matthews
Company Secretary

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