Platinum Global Transition Fund (Quoted Managed Hedge Fund)

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Quarterly Investment Manager's Report

30 June 2023

Platinum®
GLOBAL TRANSITION FUND
(QUOTED MANAGED HEDGE FUND)

Platinum®
ASSET MANAGEMENT

Investment Update

Platinum Global Transition Fund (Quoted Managed Hedge Fund) (PGTX)

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Performance

(to 30 June 2023)

	QUARTER	6MTHS	SINCE INCEPTION
PGTX	0.6%	7.6%	7.0%

Returns are after fees and costs, before tax, and assuming reinvestment of distributions. Inception date: 1 July 2022 (Note. The Fund began investing on 1 July 2022 but was launched to investors on 15 February 2023).

Source: Platinum Investment Management Limited. Historical performance is not a reliable indicator of future performance.

See note 1, page 11.

In Brief:

- Key contributors to performance for the quarter included AGL Energy, Cameco, Suzano, ASML, Microchip and Taiwan Semiconductor Manufacturing.
- Detractors included Nine Dragons Paper, Samsung SDI, LG Chem, UPM-Kymmene and Bayer.
- During the quarter we initiated new positions in Metals Acquisition, Capstone Copper, Valeo, Autoliv and Aptiv, companies that are all well-placed to benefit from the electrification of transport.
- Our recent research trips to South Korea and the US, confirmed that while the pace of the energy transition is different across each industry and region, we are increasingly positive about the growth in investment and the great number of investment opportunities available at attractive valuations.

The Fund returned 0.6% for the quarter.[1]

The largest contributor to performance during the quarter was **AGL Energy** (+34%), which rallied after holding a positive investor day when it outlined more detail on its decarbonisation and investment plans for the coming decade. More commentary on AGL is provided below. **Cameco** (+20%) also performed well, benefiting from improving uranium prices. Other contributors included **Suzano** (+12%), **ASML** (+6%), **Microchip Technology** (+7%) and **Taiwan Semiconductor Manufacturing** (+8%).

Key detractors included **Nine Dragons Paper** (-18%), as conditions remained challenging in the Chinese containerboard and paper markets. Additional detractors were **Samsung SDI** (-9%) and **LG Chem** (-6%), with both stocks pulling back after strong runs in the prior two quarters. Other detractors included **UPM-Kymmene** (-12%) and **Bayer** (-14%). During the quarter, a number of our short positions rallied strongly; consequently, we reduced and closed out a number of positions.

Changes to the Portfolio

During the quarter, we entered new positions in copper miners **Metals Acquisition** and **Capstone Copper**. We also initiated new positions in auto parts suppliers **Valeo**, **Autoliv** and **Aptiv**, all of which are well-placed to benefit from the transition to electrified transport. We also made a number of additions to existing holdings, including **Contemporary Amperex Technology Co. Limited** (CATL) (Chinese battery producer), **Suzano** and **UPM-Kymmene** (both pulp and paper producers), and **AGL Energy**. We exited **Mosaic** (fertilisers) and reduced **CF Industries** and **Freeport-McMoRan** (copper).

The Fund has been progressively investing capital over the past year, starting with a net invested position of around 26% in July 2022, increasing to 50% in December 2022 and 77% at the end of June 2023. We are now close to what we consider to be fully invested and will scale this up and down depending on market conditions and when opportunities arise. At the end of June, we had diversified holdings across energy storage (~12% of the long portfolio), circular economy beneficiaries (~13% in companies exposed to pulp, paper and aluminium packaging), energy-efficiency enablers (~11%), semiconductors and their supply chains (~20%) and materials and metals producers that enable the carbon transition (~10%). We also hold multiple smaller allocations in areas such as energy production, agriculture and vehicle electrification component makers.

1 References to returns and performance contributions (excluding individual stock returns) in this PGTX report are in AUD terms, unless otherwise specified. Individual stock returns are quoted in local currency terms and sourced from FactSet Research Systems, unless otherwise specified.

Disposition of Assets

REGION	30 JUN 2023	31 MAR 2023
Europe	25%	23%
Asia	23%	23%
North America	17%	18%
Australia	8%	4%
Other	4%	2%
Japan	4%	5%
Cash	18%	25%
Shorts	-4%	-3%

See note 2, page 11. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	30 JUN 2023	31 MAR 2023
Materials	23%	25%
Information Technology	23%	24%
Industrials	11%	14%
Consumer Discretionary	5%	0%
Utilities	5%	4%
Energy	5%	4%
Other	3%	0%
Health Care	2%	3%
TOTAL NET EXPOSURE	77%	72%

See note 3, page 11. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
AGL Energy Ltd	Australia	Utilities	5.1%
Infineon Technologies AG	Germany	Info Technology	4.4%
MinebeaMitsumi Co Ltd	Japan	Industrials	4.2%
ASML Holding NV	Netherlands	Info Technology	4.1%
LG Chem Ltd	South Korea	Materials	4.0%
Contemporary Amperex	China	Industrials	4.0%
Taiwan Semiconductor	Taiwan	Info Technology	3.9%
Samsung SDI Co Ltd	South Korea	Info Technology	3.8%
Microchip Technology Inc	US	Info Technology	3.7%
Crown Holdings Inc	US	Materials	3.5%

As at 30 June 2023. See note 4, page 11.
Source: Platinum Investment Management Limited.

For further details of PGTX's invested positions, including country and industry breakdowns and currency exposures, updated monthly, please visit https://www.platinum.com.au/Our-Products/All-Products/PGTX-Quoted-Managed

Commentary

AGL Energy has recently become the largest position in the portfolio by virtue of its strong share price performance since we invested, and we thought that setting out our investment case would be useful in illustrating the challenges and opportunities for companies navigating the energy transition. The energy transition sounds simple as a slogan, and achievable as a spreadsheet exercise, but examining the impact on the companies that are at the leading edge of disruption and transition illustrates the challenges that are involved and the opportunities that can arise.

One of the many impacted sectors is energy utilities. Companies in this sector generally have a mix of legacy thermal coal plants, gas plants and gas distribution businesses. They have large commercial, industrial and retail customer bases and are facing increasing pressure from various stakeholders as they navigate through the next few decades as we substantially overhaul the way energy is produced and consumed as a society. These utilities have to increase the amount of electricity available for consumption while also decreasing the polluting forms of electricity production, all while ensuring a reliable supply of electricity. These can be conflicting objectives that require a considered and staged approach to achieve. While energy utilities are often heavy CO2 emitters due to their legacy thermal coal generation, the transformation of their portfolios over the coming decades will have a significant impact on reducing the amount of emissions that our society generates.

AGL Energy was out of favour by the market when we started building our position in early 2023, with its share price down over 60% from pre-COVID levels. The company had seen multiple issues over the prior three years. AGL had unreliable performance at its operating coal-fired power plants that resulted in both lost power earnings and hedging losses. Electricity prices had also fallen during COVID, which had impacted earnings. In 2021-2022, there was an unsuccessful attempt to demerge its generation assets and wholesale business, which saw the exit of the CEO at the time. In 2022, there was an unsuccessful takeover bid for the company by Brookfield Asset Management and Grok. Later in 2022, a revamped strategic review was undertaken and announced. Investors had been burned by the recent poor earnings performance of the company, instability at the management and board levels, and uncertainty around the scale and timing of its future capital expenditure requirements to navigate its way through the energy transition.

We took the view that AGL was in a strong position to benefit in both the near and longer term from the changes that were underway in Australia's National Electricity Market (NEM). We also believed that sentiment around the company could begin to improve with better operational performance from its coal generation assets, a greater understanding of how AGL will transform its portfolio and the role that it will play in Australia's future energy system. In the near term, the company would also see improved earnings performance as a result of higher electricity prices.

In September 2022, AGL announced some initial details of the outcome of its strategic review to the market,[2] and in June 2023, it held an investor day where it explained its plans to the market in considerably more detail. From these communications, investors now have greater clarity on the timing of AGL's intended investments as well as a deeper understanding of its strategy of sourcing electrons in the most cost-efficient way possible over the coming decade. AGL aims to deploy $3-4 billion between now and FY30 and an additional $5-6 billion by FY36. This capital deployment is expected to generate 5.5 gigawatt hours (GWh) in renewables and firming assets, which is just under half of its growth target. The other 6.5GWh of renewables and firming capacity is expected to be sourced via joint ventures, partnerships, third-party offtakes and decentralised energy (e.g. rooftop solar, batteries).

We believe that AGL is in a prime position to financially benefit from Australia's carbon transition. Australia's decarbonisation goals are reliant on the electrification of an array of energy-intensive segments, including transport, household heating and industry. This is expected to drive significant electricity demand growth in the NEM, with the Australian Energy Market Operator (AEMO) estimating demand to grow from 200 terawatt hours (TWh) in 2022 to 224TWh by 2030 and 405TWh by 2050.[3] A large portion of this will come from the growing penetration of rooftop solar, which is expected to quadruple from current levels, but the remainder will need to be supplied from the grid. As one of the major energy retailers, AGL sits between the consumers that will require more power and the companies keen to invest in renewables capacity to meet this growing demand.

As a contributor to decarbonisation, AGL's progressive closure of its thermal coal assets will have a significant impact on Australia's emissions. As AGL and its competitors, Origin Energy and Energy Australia, close their aging thermal power plants, the CO2 intensity of the Australian NEM will decrease significantly. However, the complexity of the electricity grid will increase significantly, which brings

2 Source: https://www.agl.com.au/about-agl/media-centre/asx-and-media-releases/2022/september/review-of-strategic-direction-outcomes-and-fy23-guidance

3 Source: AGL investor day, 16 June 2023.

with it a number of challenges and opportunities. The challenge for the market will be what happens to power costs as coal generators are closed. The closure of AGL Energy's Liddell power station in April 2023 saw a significant step-up in wholesale energy prices, despite the closure being telegraphed well in advance of the eventual date, and further retirements carry the same risk.

As base-load thermal coal assets are shut down over the coming decades, their role in the electricity network needs to be replaced. There is a significant pipeline of onshore wind, offshore wind, utility-scale batteries, pumped hydro and solar that will emerge to fill this role. There are many capital providers interested in owning these assets, so AGL Energy won't necessarily need to build all of these themselves. Instead, AGL can enter into long-term offtake contracts on these assets, which allows AGL to underwrite a renewable developer's investment return with no upfront capital requirement, thanks to the value of its retail, commercial and industrial customer bases. This strength of AGL's book of customers provides opportunities for partnerships, offtakes and capital recycling. This allows it to achieve its long-term renewable target of 8 gigawatts (GW) of capacity (from 1.7GW at the end of 2022) and focus its on-balance sheet activities on higher-returning firming asset opportunities.

Where AGL is more interested in having full ownership of assets is in firming capacity. Firming capacity is a flexible energy supply that can be used to top up the energy supply to the network during periods when the sun isn't shining (impacting solar generation) and the wind isn't blowing (impacting wind generation). This firming capacity can take a number of forms, including pumped hydro, utility-scale batteries and gas peaker plants. Currently, AGL has 1.4GW of firming capacity; it plans to add another 5.9GW by 2035, which will consist of grid-scale batteries and long-duration firming assets. AGL is already building out grid-scale battery capacity. A 50-megawatt (MW) battery at Broken Hill and a 250MW battery at Torrens will be operational in early 2024. It is also developing a 500MW battery to be located at Liddell.

Gas peaker plants can be a controversial part of the energy transition, but they are one of the key longer-duration firming assets and carry a lower level of absolute CO_2 generation than current coal-fired plants, due to natural gas being a cleaner fuel, and ultimately lower fuel usage as they are only filling the gaps of intermittent generation. Modern gas turbines can also be modified to run on hydrogen, although the economics of this are currently prohibitive in the absence of carbon taxes and lower-cost renewable generation.

The energy transition opens up potential new revenue streams for AGL. Customers will be increasing their electricity consumption and corporates will be increasingly electrifying and seeking out decarbonisation solutions. Microgrids and energy and carbon management are future opportunities. AGL has launched "Electrify Now", a home electrification solution centre where AGL aims to help customers simplify the process of converting a home to be fully electric with items such as heat pump hot water systems, solar, electric vehicle (EV) charging, home batteries and induction cooking. While this program is in its early stages, AGL has reached ~3,500 customers, made ~$100 million in hardware recommendations and helped customers achieve 28 kilo tons in potential CO_2 savings per annum.[4]

AGL is offering commercial partners an "Energy as a Service" (EaaS) offering where AGL will design, build, operate and maintain a microgrid for commercial customers, providing them with fixed-price, reliable electricity with high renewable content, supported by energy management, firming and orchestration services. AGL thinks that it can create a $1 billion-plus asset-based business in EaaS, which will help its customers with their progress on decarbonisation.

The energy transition is already creating significant changes in the way that energy is produced and consumed in society. While this can drive uncertainty around companies, it can also provide attractive opportunities for investment, which is what AGL Energy represented to us when we first purchased shares earlier this year.

Outlook

The carbon transition is a multi-decade investment opportunity, and the pace of change shows little sign of slowing. We recently undertook research trips to South Korea and the US, which gave us the opportunity to meet with many companies in a diverse number of areas, such as battery supply chains, renewable fuels, energy utilities, vehicle electrification, solar, hydrogen and many others. While the pace of the transition is different across each industry and region, we came away increasingly positive about both the growth in investment and the great number of investment opportunities available at attractive valuations.

4 Source: AGL investor day, 16 June 2023.

Macro Overview: Lots of Excitement in Markets, But Price Always Matters

by Andrew Clifford, Co-Chief Investment Officer

2023 is certainly not playing out as expected in the markets. CEO and Co-CIO Andrew Clifford sat down with investment specialist Henry Polkinghorne in late June to share his thoughts on the extraordinary rally in AI stocks, interest rates, China's lacklustre reopening, why this time might be different for Japan, and the state of play in Europe - and what they all mean for the markets and Platinum's portfolios for the second half of 2023. An edited transcript of the conversation is below.*

HP: Andrew, it's been an extraordinary year so far in markets, especially in the US, where little has played out as expected, with a huge rally in the S&P 500 and an even bigger rally in the Nasdaq. Are we in the early stages of a new bull market?

AC: I suspect not. When you look at the roadmap, particularly around interest rates, we have had one of the sharpest and largest interest rate tightening cycles in 40-50 years, which only started 15 months ago. The rule of thumb is that it takes 18 to 24 months for it to significantly impact the economy. The yield curve inverted around eight months ago, and again, there is typically an 18-month delay for the impact to be felt. There was a lot of momentum in the economy, and I think we will see how the economy is tested in the months ahead as the impact of tighter monetary conditions flows through. When talking about the broad market, though, the focus is really on earnings; there are very clear relationships between interest rates, earnings and markets. Some people are declaring the 20% rise in the S&P from its lows in October last year as the new bull market as if there's something magical about that number. However, if you go back to the tech wreck of 2000-2001, we saw the Nasdaq rally 40%-50% before markets moved substantially lower. You'll find similarly strong rallies during the global financial crisis (GFC) bear market, so I would remain cautious. The other thing about this rally is that it's been very narrowly focused on artificial intelligence (AI) stories. While AI is very exciting, ultimately, the stocks that are leading the rally, like NVIDIA, were very enthusiastically valued before this started, and are even more so today. For the moment, I would say that the jury's still out on whether this is the beginning of a great new share market run.

HP: AI is now being thought of as a "winner takes most" environment and the large incumbents have the advantage of huge barriers to entry. Do you feel that's justifying investors' reasons to hold these stocks, or do you think they're concerned about a possible recession and prefer pristine balance sheet-type businesses rather than the more cyclical businesses?

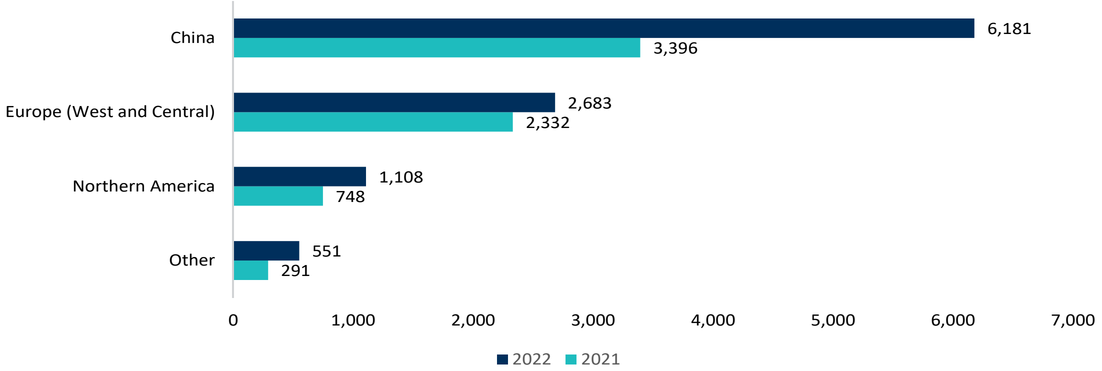
AC: When you look at the AI landscape, NVIDIA is clearly a big winner, but you also have to remember that the AI story has been around for a long time, and it was one of the reasons the stock was already owned by investors. The rally in AI stocks has been quite extraordinary, and there were a couple of reasons for that. ChatGPT, an AI chatbot, came into the public arena in November 2022, and it grew to 100 million users faster than we've seen any other platform do before.[1] Twenty years ago, it took Facebook five years to reach that number. It's quite a remarkable tool when you use it. On top of that, we had NVIDIA's announcement in May

1 Source: UBS.

* The full interview is available in audio format on The Journal page of our website https://www.platinum.com.au/Insights-Tools/The-Journal
Interview was recorded on 29 June 2023.

Fig. 1: China dominates electric vehicle sales

Plug-in electric vehicle sales worldwide: 2021 and 2022 by main market (in 1,000s)



Source: Statista.

that they're going to increase their sales from US$7 billion in the first quarter of fiscal 2024 to US$11 billion in the second quarter,[2] and this was a company whose earnings were under quite significant pressure at the time they made that announcement, but there's a long game to be had here. When you look at other possibilities, companies like Microsoft and Google are mentioned. I think Google is very clearly the AI leader, but to a large extent, the question is really about the revenues that it can generate. I think also the advertising-driven players, such as Facebook and Google, are looking and behaving much more like cyclical businesses than this steady growth story, so we're layering on a little bit of excitement for AI. That's probably justified in the case of Alphabet/Google and maybe Microsoft, but a lot of other companies where this is occurring look fairly spurious to me.

HP: We've had numerous bank failures in the US, and the market seems to have taken that very much in its stride. Where do you see the path of interest rates and tightening potential moving forward?

AC: These things are hard to predict. We've been saying for quite a while that we will get to the end of this rate cycle, and inflation is clearly easing off. What I'd be looking for is what might upset that story rather than the well-accepted view that there won't be many more rate hikes from here. What worries me is the way government spending is ratcheting back up. It pulled back slightly after the pandemic, but nowhere near trend levels and tax receipts are now falling, in line with weakness in earnings, down around 10% year on year.[3] So, we have a situation in the US where the tightening efforts by the Federal Reserve (Fed) are being offset by government spending, and that is a concern. It leads me to the conclusion that while rates may peak at current levels, I don't think we will get any huge relief in terms of rate cuts.

HP: Shifting to China, clearly its reopening has not met expectations. Is the Chinese economy tracking as badly as the media is reporting?

AC: I think the reopening has been disappointing, largely reflecting business and consumer confidence not returning as they did in the West. The property market is still challenged. While the government has provided enough funding to allow uncompleted developments to be completed, buyers have not returned in an enthusiastic fashion to the property market. What I would say, though, is that there are a lot of really interesting things going on in China underneath the surface that are not being particularly picked up by the media. The US government has set aside US$500 billion in new spending and tax breaks under the Inflation Reduction Act of 2022 (IRA), with the majority (US$400 billion) going towards climate change-type investments.[4] But when you look at who's leading the world in that area, it's China. Last year, China sold 6.2 million electric vehicles, compared with 2.7 million in Europe and 1.1 million in the US (see Fig. 1).[5] Interestingly, China became the second-largest exporter of motor vehicles last year, and in the first quarter of this year, it was the largest exporter of motor vehicles.[6] This is another example of China taking on a very mature industry where it was never expected to play outside of its borders. It exported around 3.5 million cars last year, which is about 5% of the car market outside of China, and it has momentum. I think that's going to become a tough market for the marginal players. In solar panels, eight

2 Source: https://nvidianews.nvidia.com/news/nvidia-announces-financial-results-for-first-quarter-fiscal-2024

3 Source: Federal Reserve Bank of St. Louis.

4 Source: https://www.mckinsey.com/industries/public-sector/our-insights/the-inflation-reduction-act-heres-whats-in-it

5 Source: Statista.

6 Source: https://www.marketresearchfuture.com/news/china-is-the-largest-exporter-of-cars-in-2023

out of ten are made in China, and five of those eight are installed in China.[7] In wind turbines, China represents around 65% of the market.[8] In terms of batteries, China's Contemporary Amperex Technology Co. Limited (CATL) is the clear global leader in batteries, surpassing the Korean and Japanese companies.[9] CATL's revenues were up sixfold in two years.[10] These examples highlight that just in one area of this very dynamic economy, there are some really exciting things going on, presenting some interesting opportunities for investors.

HP: If China is leading the charge on the electrification and decarbonisation of the world, which is expected to be one of, if not the biggest, infrastructure spending programs globally ever, what is holding investors back?

AC: There are clearly multiple concerns about China. There have been issues in the property sector and concerns around the regulatory environment, which have caused difficulties for many companies that foreigners are invested in. However, foremost is the political environment that's on the front page of the newspapers every day, but I don't think investors are looking at this in an even-handed way. We hear that China Is uninvestable and there remain concerns around a potential invasion of Taiwan, which in our view seems a very unlikely event given the importance of Taiwan to China. When I say the markets are being uneven about it, let's look at a stock like Apple. It is reliant on Taiwan for the manufacture of most of its semiconductor content; it relies on China for the assembly of its products; and China accounts for 20% of its earnings.[11] This is a company that has a very significant China risk. Today, Apple is reaching new highs on a daily basis. That says to me that no one's really worrying about the potential invasion of Taiwan when they're buying Apple. The same thing can be seen for the other great market favourite of the moment, NVIDIA, which again relies on Taiwan for the supply of its leading-edge chips. I'm not saying that the risks are not real; the US will likely continue to attempt to contain China. However, the economic reality is that the world is heavily reliant on China in so many critical areas. You can see that in the other dialogue that goes on, with envoys from various countries regularly sent to try and mend the relationship with China, while on the other hand, announcements are made each day restricting China's access to US technology.

HP: There has been a lot of regulatory change in China, particularly in the technology, education and property sectors. Do you think that's finished?

AC: There's obviously been a lot of regulatory change in industries that foreigners have been exposed to. It's been a long pattern over the last decade for China to reform and regulate, and I don't think there's anything particularly untoward; the possibility of reform is something that investors need to be aware of. I think in areas such as e-commerce, which have seen big changes, particularly anti-monopoly provisions, I suspect most of that is done. However, you would expect China to continue to reform and regulate.

HP: Japan seems to be the flavour of the month. There's been quite a lot of talk about reform and corporate governance over the last decade, is now the time for Japan?

AC: The walls seem to be breaking down now in Japan. It has been a decade of talk about corporate governance, but really what we're talking about in Japan are companies with extraordinary valuations. Stocks are priced this way because investors don't have access to the underlying earnings in the form of dividends or buybacks. Instead, they get invested, often in very marginal projects. However, we are now really seeing a great deal of success from investors in terms of changing boards that are not responsive. There have been many steps along this journey, but most recently, the Tokyo Stock Exchange said in a 'name and shame' approach that companies that are trading below book value, which is a little under half of the market, are expected to have a plan of how to get their stock price above book value.[12] It's a very awkward way of saying, how are you going to get your return on equity? How are you going to actually make money for your shareholders? Companies that don't have plans or don't have adequate plans are going to be highlighted. We're definitely seeing change there now. We're certainly engaging with the companies that we own, and the responses are different. They're clearly being communicated to boards, and we are seeing board members voted out, even in extreme cases where the proxy advisors have sided with the company. We've had a big run-up in Japanese stocks, and while these things don't always go in a straight line, in terms of the opportunity with corporate reform in Japan over the next three to five years, I'd say there's still a significant way to go there.

7 Source: https://www.iea.org/news/the-world-needs-more-diverse-solar-panel-supply-chains-to-ensure-a-secure-transition-to-net-zero-emissions

8 Source: https://www.iea.org/reports/wind-electricity

9 Source: https://www.bloomberg.com/news/articles/2023-01-04/china-s-catl-extends-lead-as-world-s-top-ev-battery-maker

10 Source: CATL company report.

11 Source: FactSet Research Systems.

12 Source: https://www.cnbc.com/2023/06/13/investing-is-japan-inc-finally-serious-about-corporate-governance-.html

HP: Europe had a great year last year, and there's just been a failed Russian coup. What are your views on Europe?

AC: I think Europe is similar, if not slightly further advanced, to the US in terms of its economic activity, which is clearly weak. Germany has had two consecutive quarters of negative GDP growth, which is technically a recession. However, the stock market has been strong. Again, it's this same narrowness in the market, with a small number of stocks holding the market up while the broader market is responding to weaker earnings. There have been plenty of stocks over the last year in Europe that have come back into our price range, so that makes it very firmly an opportunity set, but it probably has a little way to play out yet.

HP: Any closing remarks?

AC: The key point I would like to reiterate is the divergence that is occurring across markets, not just in the US but also in Europe and the way that China is being left out. There are huge opportunity sets here for us to play in. We will remain completely focused on the value of what we're buying. Meanwhile, I think what we're seeing with the stocks that are leading the market is an echo of the speculative bubble we've just lived through. It's not to deny the excitement of some of the stories in the companies that are doing well, but it's what we said throughout 2020 and 2021, and that is that price does matter. Maybe some of the companies will live up to these extraordinary valuations, but it's unlikely all of them will, and we've just recently had a pretty good lesson on what can happen if you ignore the question of valuation.

MSCI Regional Index
Net Returns to 30.6.2023 (USD)

REGION	QUARTER	1 YEAR
All Country World	**6.2%**	**16.5%**
Developed Markets	**6.8%**	**18.5%**
Emerging Markets	**0.9%**	**1.7%**
United States	**8.6%**	**19.0%**
Europe	**2.9%**	**22.0%**
Germany	2.8%	28.4%
France	3.2%	31.7%
United Kingdom	2.2%	13.2%
Italy	8.2%	43.4%
Spain	5.6%	29.0%
Japan	**6.4%**	**18.1%**
Asia ex-Japan	**-1.3%**	**-1.1%**
China	-9.7%	-16.8%
Hong Kong	-5.0%	-9.0%
Korea	4.4%	13.0%
India	12.2%	14.2%
Australia	0.3%	11.2%
Brazil	**20.7%**	**29.8%**

Source: FactSet Research Systems.
Total returns over time period, with net official dividends in USD.
Historical performance is not a reliable indicator of future performance.

MSCI All Country World Sector Index
Net Returns to 30.6.2023 (USD)

SECTOR	QUARTER	1 YEAR
Information Technology	13.7%	34.3%
Consumer Discretionary	8.2%	19.2%
Communication Services	7.1%	10.5%
Industrials	6.3%	25.2%
Financials	5.2%	11.5%
Health Care	2.3%	5.7%
Energy	0.8%	13.2%
Consumer Staples	0.3%	7.7%
Utilities	-0.1%	0.7%
Real Estate	-0.1%	-6.9%
Materials	-0.8%	12.1%

Source: FactSet Research Systems.
Total returns over time period, with net official dividends in USD.
Historical performance is not a reliable indicator of future performance.

The Journal

Visit https://www.platinum.com.au/Our-Products/All-Products/PGTX-Quoted-Managed to find a repository of information about the Platinum Global Transition Fund (Quoted Managed Hedge Fund) (PGTX), including:

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- Distribution history and the Distribution Reinvestment Plan
- ASX releases and financial statements
- Monthly updates on performance, portfolio positioning and top 10 holdings.

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Recent highlights include:

- **Article - The Times are Changing.**[1] The economic environment has changed significantly over the past 18 months. The historic bubble in tech and growth stocks has burst, and a recession in the US is probable. This calls for investors to adopt a different investment approach than what has worked in the recent past, as co-CIO Clay Smolinski explains.
- **Video – Three Lessons from the US Banking Crisis.**[2] Adrian Cotiga discusses the key drivers behind the US banking crisis, the three lessons to be learned and how Platinum is positioned in global financials. We continue to hold no exposure to US banks, preferring European financials, with three broad buckets capturing our interest.
- **Video – Finding Value in the Much-Hyped AI Space.**[3] AI has captured everyone's attention of late. While there has been a lot of hype around some of the players, there are also areas that are being overlooked, particularly in the healthcare sector. Cameron Robertson and Dr Bianca Ogden discuss areas they have invested in and ones to watch in this exciting area.
- **Video – Exciting Times for Japanese Equities.**[4] Japanese equities have rallied strongly recently. A visit by Warren Buffett to Japan seems to have inspired buyer interest, especially from foreign investors, but there's a lot more to the story, as James Halse explains.
- **Video - Markets in Denial About US Recession.**[5] The sharpest increase in US interest rates in 40 years, a shrinking money supply and bank failures are all causes for concern – but the markets don't seem to think so. Julian McCormack provides a succinct explanation of why he believes the US is heading for a deep recession and how Platinum is preparing for what we expect will be a difficult period ahead.

1 https://www.platinum.com.au/Insights-Tools/The-Journal/The-Times-are-Changing
2 https://www.platinum.com.au/Insights-Tools/The-Journal/Three-Lessons-from-the-US-Banking-Crisis
3 https://www.platinum.com.au/Insights-Tools/The-Journal/Finding-Value-in-the-Much-Hyped-AI-Space
4 https://www.platinum.com.au/Insights-Tools/The-Journal/Exciting-Times-for-Japanese-Equities
5 https://www.platinum.com.au/Insights-Tools/The-Journal/Video-Markets-in-Denial-About-US-Recession

Notes: Unless otherwise specified, all references to "Platinum" in this report are references to Platinum Investment Management Limited (ABN 25 063 565 006 AFSL 221935).

"PGTX" refers to the Platinum Global Transition Fund (Quoted Managed Hedge Fund) (ARSN 658 996 251, ASX Code: PGTX).

Risk warning: By investing in companies involved in manufacturing or resource extraction, PGTX will not by its nature be a low carbon emissions portfolio relative to the broader listed global equity market and may have investments in companies that currently have material fossil fuels businesses.

Some numerical figures in this publication have been subject to rounding adjustments. References to individual stock or index performance are in local currency terms, unless otherwise specified.

1. PGTX's returns are calculated by Platinum using PGTX's net asset value unit price (i.e. excluding the buy/sell spread) and represent the combined income and capital returns over the specified period. PGTX's returns are net of fees and costs, pre-tax, and assume the reinvestment of distributions. The investment returns shown are historical and no warranty is given for future performance. Historical performance is not a reliable indicator of future performance. Due to the volatility in PGTX's underlying assets and other risk factors associated with investing, investment returns can be negative, particularly in the short term.
2. The geographic disposition of assets (i.e. other than "cash" and "shorts") shows PGTX's exposures to the relevant countries/regions through its long securities positions and long securities/index derivative positions, as a percentage of its portfolio market value. Country classifications for securities reflect Bloomberg's "country of risk" designations. "Shorts" show PGTX's exposure to its short securities positions and short securities/index derivative positions, as a percentage of its portfolio market value. "Cash" in this table includes cash at bank, cash payables and receivables and cash exposures through long derivative transactions.
3. The table shows PGTX's net exposures to the relevant sectors through its long and short securities positions and long and short securities/index derivative positions, as a percentage of its portfolio market value. Index positions (whether through ETFs or derivatives) are only included under the relevant sector if they are sector specific, otherwise they are included under "Other".
4. The table shows PGTX's top ten positions as a percentage of its portfolio market value taking into account its long securities positions and long securities derivative positions.

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