Platinum Asia Investments Limited

ABN 13 606 647 358

Quarterly Investment Manager's Report

31 March 2023

Platinum
ASIA INVESTMENTS LIMITED

Investment Update

by Andrew Clifford, Cameron Robertson and Kirit Hira, Portfolio Managers

Performance

(compound p.a.* to 31 March 2023)

	QUARTER	1 YEAR	3 YRS	5 YRS	SINCE INCEPTION
Platinum Asia (PAI)	4.5%	6.1%	5.7%	4.8%	7.5%
MSCI AC Asia ex-J Index^	5.6%	2.1%	3.8%	2.8%	6.8%

PAI's returns are calculated using PAI's pre-tax net tangible asset (NTA) backing per share as released to the ASX monthly. PAI's returns are calculated after the deduction of fees and expenses, have been adjusted for taxes paid and any capital flows, and assume the reinvestment of dividends.
PAI's returns are not calculated using PAI's share price.

Portfolio inception date: 15 September 2015.

* Excluding quarterly returns.

^ Index returns refer to MSCI All Country Asia ex Japan Net Index in AUD.

Historical performance is not a reliable indicator of future performance.

Source: Platinum Investment Management Limited for PAI's returns; FactSet Research Systems for Index returns. See note 1, page 11.

Net Tangible Assets

The following net tangible asset backing per share (NTA) figures of Platinum Asia Investments Limited (PAI) are, respectively, before and after provision for tax on both realised and unrealised income and capital gains.

	PRE-TAX NTA	POST-TAX NTA
31 December 2022	$1.0114	$1.0343
31 January 2023	$1.0611	$1.0716
28 February 2023*	$0.9965	$1.0170
31 March 2023	$1.0301	$1.0421

* Ex-dividend. Adjusted for the 31 December 2022 interim dividend of 2.5 cents per share, declared on 16 February 2023 and paid on 17 March 2023.

Source: Platinum Investment Management Limited.

In Brief:

- China was a strong contributor to performance over the quarter, with Tencent, Trip.com, H World Group, ZTO Express and Weichai Power benefiting from the reopening of the economy and the relaxing of regulatory pressures. Our semiconductor holdings were also strong contributors.
- During the quarter, we reduced our exposure to Trip.com, H World Group, Yum China, Tencent and Alibaba. We added to other opportunities across the region, such as Thai property developer Supalai, Vietnamese electronics and grocery retailer Mobile World Investment and Indonesian paints company Avia Avian.
- Our net exposure has reduced modestly during the past quarter, driven more by increases in our short positions than any paucity of long ideas.
- We continue to search broadly for new investment opportunities as part of the constant process of portfolio renewal, and the fact that we are continuing to find ideas at a steady cadence reflects the general premise that the region remains prospective.

PAI returned 4.5% for the quarter.[1]

Korea and China stood out as the best-performing markets during the quarter, while the rest of the region was largely weak, with India, Thailand and Malaysia all selling off.

At the start of the quarter, China's reopening was firmly in focus, leading to a continued sharp appreciation in stock prices, particularly in travel and service-exposed areas of the market. As the quarter wore on, enthusiasm was tempered a little. The economic recovery, while clearly coming through, is occurring at a measured pace. There have also been some fears that as growth comes back, competitive intensity in certain areas, like e-commerce, may also see a corresponding increase. All this led to some paring of gains as the quarter progressed, but overall, China was a strong contributor.

Larger holdings, like **Tencent** (+22%), **Trip.com** (+10%), **H World Group** (+15%), **ZTO Express** (+6%) and **Weichai Power** (+20%) saw their shares appreciate in line with the reopening of that economy and the relaxing of regulatory pressures. Office software and computer game company **Kingsoft** (+48%) also rose rapidly towards the end of the quarter, as it was caught up in the market's enthusiasm around the potential for incorporating large language models, like chatGPT, into its product suite. **Alibaba** (+16%) gained after announcing it will break up into six different business units, five of which are already slated for initial public offerings (IPOs) in Hong Kong.

Despite the generally strong backdrop, some Chinese holdings declined. For example, **JD.com** (-22%) fell as fears around the competitive intensity in the domestic e-commerce market increased. Grocery delivery company **Dingdong** (-10%) delivered what we considered a fairly encouraging earnings release during the quarter, showing an impressive turnaround in profitability. Nevertheless, Dingdong's shares subsequently sold off, seemingly around competition fears and a question over how consumers' eating and shopping behaviours may change with lockdowns now behind them. Paper and packaging company **Nine Dragons Paper** (-17%) and **China Merchants Bank** (-8%) also declined during the quarter.

The strength of the Korean market was driven more by company- and industry-specific factors than any broader narrative for the overall market.

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

Disposition of Assets

COUNTRY	31 MAR 2023	31 DEC 2022
China	49%	50%
South Korea	13%	11%
India	7%	8%
Vietnam	6%	6%
Taiwan	6%	5%
Hong Kong	4%	4%
Philippines	2%	3%
Macao	2%	2%
Singapore	1%	1%
Thailand	1%	1%
Indonesia	1%	0%
Cash	8%	8%
Shorts	-5%	-1%

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

Net Sector Exposures

SECTOR	31 MAR 2023	31 DEC 2022
Consumer Discretionary	19%	20%
Industrials	14%	14%
Information Technology	14%	13%
Real Estate	13%	14%
Financials	11%	11%
Materials	5%	5%
Consumer Staples	4%	4%
Communication Services	4%	4%
Health Care	1%	1%
Other	0%	4%
Energy	0%	0%
TOTAL NET EXPOSURE	87%	90%

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

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	Weight
Taiwan Semiconductor	Taiwan	Info Technology	5.6%
ZTO Express Cayman Inc	China	Industrials	5.1%
Samsung Electronics Co	South Korea	Info Technology	4.8%
Ping An Insurance Group	China	Financials	4.3%
Vietnam Enterprise Inv	Vietnam	Other	4.2%
Tencent Holdings Ltd	China	Comm Services	4.1%
InterGlobe Aviation Ltd	India	Industrials	4.0%
China Resources Land Ltd	China	Real Estate	3.4%
SK Hynix Inc	South Korea	Info Technology	3.1%
Weichai Power Co Ltd	China	Industrials	3.1%

As at 31 March 2023. See note 4, page 11.
Source: Platinum Investment Management Limited.

For further details of PAI's invested positions, including country and industry breakdowns and currency exposure, updated monthly, please visit www.platinumasia.com.au.

Our holdings in the large semiconductor companies across the region, including **Samsung Electronics** (+16%), **Taiwan Semiconductor Manufacturing** (+19%) and **SK Hynix** (+18%) benefited as market participants appear to be positioning for industry conditions to improve later this year. **LG Chem** (+19%) fared well, with the share price rising on increasing enthusiasm around the company's growth opportunities in North America with their battery business as well as an improving outlook for their chemicals business. Our small holding in **HPSP** (+87%), a recently listed company with a global monopoly in high-pressure hydrogen annealing equipment used in cutting-edge semiconductor production, performed well during the quarter as investors cottoned on to the strength of its position.

As mentioned, the Indian market had a weaker quarter, dragging some of our Indian holdings down. Sentiment towards the broad Indian market was shaken during the quarter by the publication of a high-profile short-seller's report, which focused on the business practices of a heavily indebted large Indian business conglomerate (that we had no exposure to). The challenges seen in the US banking system with Silicon Valley Bank and Signature Bank also clouded the earnings outlook for large Indian IT outsourcing firms that receive a significant amount of their work from the US banking sector. Finally, we saw signs of weakness in rural consumption trends in India, which impacted sentiment towards the listed Indian consumer goods companies. Looking at our portfolio, property developer **Macrotech Developers** (-15%) and airline **InterGlobe Aviation** (-5%) both sold off along with the broader market.

Our short positions in aggregate were modest positive contributors to the portfolio's returns.

The currencies were generally unhedged, providing a small tailwind to the reported Australian dollar performance.

Changes to the Portfolio

During the quarter, we reduced our exposure to some of the stronger-performing stocks in the portfolio. For example, we sold down Chinese travel website **Trip.com**, hotel chain operator **H World Group**, fast food chain **Yum China** (exited), artificial intelligence (AI)-hyped software and gaming company **Kingsoft**, and large Chinese internet companies **Tencent** and **Alibaba**.

The proceeds were redeployed into other opportunities across the region.

We added to our position in **Supalai**. This is a well-run Thai property developer that is focused on serving the mid-market. We believe it has a healthy competitive position stemming from its strong procurement capabilities. The Thai property market has been running at a relatively stable level for a number of years and could be set to benefit from the return of international travellers. Meanwhile, the business is trading at what we believe to be an attractive valuation, exhibits good governance and has a nice dividend yield.

We also increased our exposure to Vietnamese electronics and grocery retailer **Mobile World Investment**, Indonesian paints company **Avia Avian** and Chinese utilities billing software company **Longshine Technology**.

In terms of new holdings, we received shares in Chinese food delivery, travel and services platform, **Meituan**, as **Tencent** continues its portfolio optimisation process and distributes shares in its investee companies to Tencent shareholders. Perhaps more importantly, however, as it pertains to our investment in Tencent, we view this as a mixed blessing. Distributing Tencent's investment holdings should help investors fully realise the value of those assets, but it's also important to acknowledge these actions partially reflect the fact it has become much more difficult under the current regulatory environment for Tencent to leverage its mobile ecosystem to continue supporting the deployment of capital into investees at high rates of return. That said, Tencent management has proven themselves to be very capable capital allocators, even in overseas markets where they couldn't rely on the support from their platform, so we remain optimistic they will continue to build value for shareholders on this front.

We also initiated small positions in Chinese e-commerce company **PDD** and a South East Asian company that operates in the pharmaceutical and supplements markets.

Commentary

It is encouraging to see many of the headwinds that have been present in China over the past couple of years now dissipating. The country has fully reopened from its COVID lockdowns, and we are seeing consumers and businesses take advantage of this. Domestic travel has picked up dramatically; for example, Macau has seen visitations increase by 122% in the first two months of the year compared to the same period last year.[2] Retail sales are also back to growth, rising 3.5% in January and February after showing a slight 0.2% decline last year.[3]

2 Source: https://www.dsec.gov.mo/ts/#!/step2/KeyIndicator/en-US/27

3 Source: https://www.scmp.com/economy/china-economy/article/3215009/china-tourism-domestic-flights-surpass-pre-pandemic-levels-and-international-bookings-soar

The property sector, which had been a headwind to the Chinese economy over the past 18 months, is showing signs of stabilisation and possibly even the first glimmers of returning to growth. After a hiatus, the government is once again making it easier for the surviving developers to access fresh capital, complete projects and get back to growth. The People's Bank of China (PBOC) has also taken a fairly nuanced approach to stabilising the market, with tailored policy settings in place for different parts of the country. One example of the PBOC's recent adjustments is to allow local markets to lower rates if their property prices have seen steady declines.[4] This means, for example, that at the current point in time, a first-time homebuyer could access funding at interest rates as much as 1% lower if they wanted to purchase a home in Wuxi, where prices have recently been declining, than if they were buying a home just 50 kilometres further east, in the relatively more buoyant property market of Shanghai. As a result of policies like these and others, which help to restore confidence in the market, new house prices across the 70 largest cities in the country actually saw a slight increase in January for the first time in a year, and volumes in the secondary market are starting to pick up as well.

A third aspect that impacted investor confidence towards the Chinese market in recent years was the regulatory environment. After a series of regulatory actions, such as targeting anti-monopolistic behaviour among large e-commerce and internet companies and opening the "walled garden" ecosystems these firms had developed, it appears the required adjustments in business strategy and operations are now largely complete. These actions have, in some instances, helped level the playing field, resulting in relative winners and losers emerging from the shake-up. With the industry now in a steadier state, we are seeing commercial activity once again picking up, as evidenced by a range of things, including the resumption of computer game launches and fintech companies re-engaging with plans to conduct an initial public offering (IPO).

In recent months and quarters, we have received many questions from clients about our exposure to China. With the Chinese market having been so out of favour in recent times, we had steadily built up a very meaningful position. To be clear, we still remain optimistic about the outlook for this country and the market. That said, as the Chinese economy, company earnings and sentiment have started to improve, share prices have correspondingly begun to adjust upwards. Meanwhile, in other countries across the region, stocks have generally been a little weaker in recent months. As a result, the relative value on offer is, at the margin, shifting a little, and we have gradually been adjusting our portfolio to reflect the changing opportunity set.

We've spoken previously about the improvements in the South Korean market with respect to protections for minority investors and how we expect this to be a slow and steady tailwind to asset pricing in that market over the coming years. In the shorter term, however, the Korean market tends to be pushed around based on market sentiment towards the more cyclical end markets for the country's major exporters. Over the past year, the country's semiconductor sector (Samsung and SK Hynix) has experienced a decline in end demand, with a concerted downturn across global mobile phone sales, PC and laptop sales, and demand from cloud computing and hyperscale operators. In the face of this weakness, the industry has behaved remarkably well, reducing planned investment in new capacity. However, reductions in planned capacity take time to tighten the supply-demand balance, and so we saw inventory build throughout the supply chain. While end demand still remains uncertain, we are hearing early positive commentary emerging around customer and channel inventories starting to clear. The industry has also been dragged into the US-China trade war and strategic competition, further complicating matters. The positive from this is that these actions have reduced the threat of any new Chinese entrants, but they have also put a question mark on the longer-term future of these Korean companies' facilities located within China. So, the industry may continue down a rocky path for a little while yet, but whenever global demand does recover, industry profitability could return with a vengeance.

Outlook

As always, picking the future direction of markets is a challenging exercise. That said, the backdrop for investors to make money investing in the Asia region over at least the medium term seems promising. Unlike many stock markets around the world, Asia shouldn't face the same degree of headwinds from rising rates or the withdrawal of liquidity left over from prior quantitative easing exercises. Markets across the region are, by and large, trading on reasonable valuations, and it is not hard to find growth opportunities for companies and industries in these rapidly advancing economies.

Our net exposure has reduced modestly during the past quarter, driven more by increases in our short positions than any paucity of long ideas. We continue to search broadly for new investment opportunities as part of the constant process of portfolio renewal, and the fact that we are continuing to find ideas at a steady cadence reflects the general premise that the region remains prospective.

4 See http://www.pbc.gov.cn/en/3688110/3688172/4756445/4763787/index.html

Macro Overview: The 'Out of Favour' and Areas of Significant Change Offer Opportunity

by Andrew Clifford, Co-Chief Investment Officer

CEO and Co-CIO Andrew Clifford sat down with Head of Investment Specialists Dean McLelland in late March to share his thoughts on the stability of the global banking system, interest rates, the state of play in Europe and China's reopening - and what they all mean for the markets in 2023 and Platinum's portfolios. An edited transcript of the conversation is below.*

DM: Banks were the biggest news during the quarter and while many people have heard of Credit Suisse, Silicon Valley Bank in the US was probably not a household name until quite recently. How are you thinking about the stability of the financial system and the likely economic impacts?

AC: I'd like to start by revisiting what we've been saying about the investment environment that we're in. Interest rates have been going up for a year now, and the US Federal Reserve (Fed) has been unwinding its quantitative easing, so this is a completely different investment environment from the one that we've been in for the last decade.

When you have tight monetary policy, this is when financial accidents occur, and Silicon Valley Bank (SVB) and Credit Suisse are not the first of those. We have to remember that last year there was a big scare around UK pension funds, which was thankfully averted, and there was also the collapse of the crypto exchanges. Ultimately, when money is tight, whether that's through higher interest rates or less availability of credit, that's when things become exposed. That's what occurred with SVB, and it reflects the way the US banking system operates.

I think the important thing to take away from this is that people are worried about whether there are going to be further bank collapses and how this will flow through to the economy. While SVB's depositors have been rescued, we can't confidently say that the problems in the US banking sector have been resolved. However, the US is experienced in handling bank failures, they have lots of small bank collapses all the time, and the formula they've rolled out for SVB is a standard approach.

However, even if we do move beyond this, it has made the tight money situation even worse. Regional banks in the US have made lots of investments in 30-year fixed interest securities at 1.5% or 2%, and now their cost of money, which they pay on much shorter time frames, has risen substantially and is much higher than that, so they're losing money on an ongoing basis. When banks are in this situation, whether they survive it or not, and I think they will largely survive it, they will be even more restrictive in their lending. We're already seeing that in the loan surveys from the regional banks in the US. Regional banks are a really important part of business lending; they represent more than half of commercial real estate loans, and they play a large part in small business lending. The outcome of the collapse of SVB reinforces the very difficult environment the economy and markets are in.

* 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 March 2023.

DM: Do you think central banks will reverse course and start cutting rates from here?

AC: This current banking crisis is predominantly a US phenomenon, and the Fed is in a really difficult position. While there are plenty of signs that inflation is peaking and that the economy is on the cusp of slowing down, it hasn't actually happened yet. The labour market is still strong, wages continue to grow quickly and used car prices, which was a crazy market through COVID where used cars became incredibly expensive, then the prices rolled over, are now rising again. I think that the difficulty here is if the Fed cuts rates in response to the banking crisis but inflation doesn't settle down, all sorts of unexpected consequences can play out, like yields on 30-year or 10-year bonds rising rather than falling. Ultimately, when we are thinking about the investment environment, even if rates do peak at current levels and central banks start to cut, that difficulty in obtaining credit is going to be with us for some time. It takes 12-18 months for rate increases to flow through to the economy, and it’s only been a year since the first interest rate increase. We still have all the rate increases over the course of 2022 and the first quarter of this year to really take effect. Yes, central banks may reverse course but I'm not sure that will bring the economy or investors any immediate joy.

DM: Moving to Europe, Credit Suisse aside, perhaps the financial system appears more resilient than what we see in the US and perhaps here in Australia as well, but there is still a war going on, and the energy crisis, while it wasn't as bad as many feared, certainly hasn't been resolved. How are you thinking about Europe?

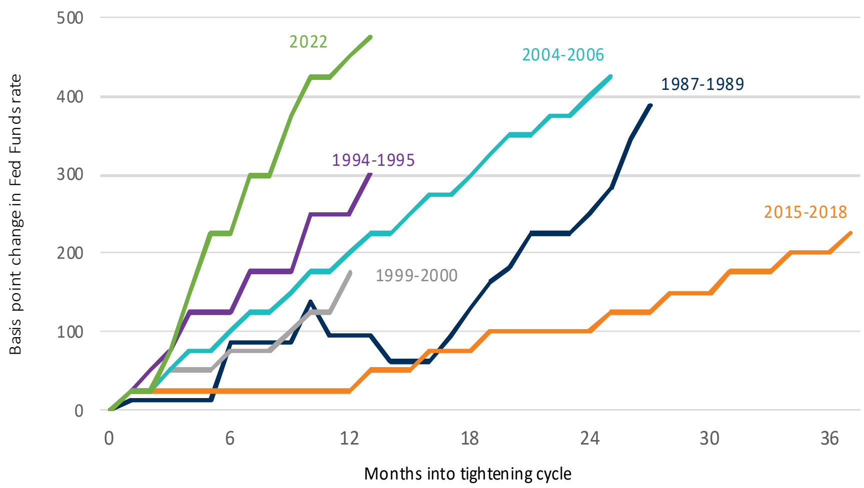
AC: The banking systems in Europe and elsewhere are different to the US, with the latter dominated by fixed 30-year mortgages. By and large, most other countries are dominated by variable-rate mortgages, even if they're fixed for two or three years. This means the banking systems elsewhere, and certainly in Europe, don't take on that interest rate risk. The transmission mechanism will therefore be different because it will be the homeowners with a mortgage and businesses that have borrowed money who will be hurt rather than in the US, where it’s the banks that will pay the price for taking that risk. The potentially worrying thing is if there is a significant downturn, where the banks will be hurt elsewhere in the world as borrowers start to struggle to pay off their loans. I think the remarkable thing about Europe is that we've had a war there for over a year now and a huge increase in energy prices at the start of 2022, but yet that economy has remained incredibly robust. There has been no major pickup in unemployment, and economic growth is still positive, even though some industries that rely on gas have had to close down. There was a bit of luck involved, with large parts of the northern hemisphere experiencing a warmer-than-normal winter and China's economy being very slow, which allowed Europe to source alternative gas much more easily than expected. Europeans have responded to the higher energy prices by cutting consumption. At the moment, gas storage is filling up very quickly, so we're partway through resolving that, but we are also in the hands of the weather. In summary, despite what they experienced with soaring energy prices early in 2022, the economy still managed to perform remarkably well.

DM: With the Chinese economy reopening and the market recovering remarkably at the end of last year, China has been largely out of the spotlight in the first quarter of this year. How are you seeing the Chinese economy and market at the moment?

AC: There were a lot of negatives that lined up against China in recent years. First of all, there were a number of economic reforms that caused significant uncertainty in the business community. Some people will talk about the crackdown on the technology sector, but it was really a regulatory reform of that sector. We also saw policy mistakes in trying to control property prices that led to the property market crashing. There were the COVID lockdowns, and of course, the US was also imposing sanctions and tariffs on the country. So, it's been a very difficult environment, and from there, we only have one way to go. The easiest one to tackle was the end of the lockdowns, and data on people's mobility shows a return to normal levels. Overseas travel hasn’t returned to pre-COVID levels, as there are apparently shortages in approving visas, but all of the reopening activities that we've seen elsewhere are starting to happen in China.

Financing has been provided to the property sector to ensure developments get completed, and we have seen a strong rebound in property sales in the larger cities - not back to the levels they were, but a very substantial bounce from the bottom, and there has even been a slight uptick in property prices. That all bodes well for the economy. Some shorter-term observations are that consumer spending is not yet experiencing the same bounce back in ferocity that we saw in other places after they reopened from COVID lockdowns, so it would seem there's still some degree of caution amongst consumers at the moment, but I think that is simply a question of time. Lastly, the government has signalled very clearly that their work on regulatory reform around e-commerce is now complete, so we expect confidence to start to build. After a period of absence, Jack Ma recently returned to China, and symbolically, I think that's a very positive development for the business community. There was also the announcement about Alibaba splitting up its business into six different units.

Fig. 1: US Interest Rate Tightening Cycles



Source: Evercore ISI Research.

DM: So, there has been a lot of improvement in economic fundamentals, but it still feels like the sentiment towards investing in China has not rebounded in the same way, would that be fair?

AC: I think that's right. It's very clear that people are still cautious about China. You can't go from many commentators calling this market uninvestable to a bull market, so undoubtedly, there's a lot of caution, and I think the pattern of coming out of any bear market is that it takes time before the concerns that drove share prices lower are peeled away. I would expect that as we go through the year and we see companies reporting better sales and profits, people will gradually come back to the market, and ultimately, what will bring people back is if China has a good year this year. I have no doubt that those who were calling it uninvestable will, by and large, return and invest in that market.

DM: There are a lot of different economic and geopolitical concerns still at play, can you bring them together in terms of your outlook for major markets?

AC: What's been interesting in the last couple of quarters is the relatively poor performance of the US market; meanwhile, many European markets are not far from their all-time highs, and China has had a very good bounce off the bottom. The question that is debated on the front pages in the US is whether the bear market has finished. While we've had a good bounce from the lows of 2022, I believe it's likely there is more downside to come. This has been the biggest increase in interest rates we have experienced in the last 40-odd years, and it's the fastest increase in interest rates we've seen by a very long way (see Fig. 1). The reason I would be worried about the general level of the US market is that interest rates have a very clear relationship with corporate earnings, and when we have rate increases like these, corporate earnings will be very weak, and invariably, that leads to a weak US stock market. Whereas I think China is in a completely different cycle, and Europe, again, is in its own cycle. Having said that, I think that for investors to overly focus on the headline levels of markets really misses the point. There are huge divergences within countries and sectors, and there are companies or industries that have already been sold down heavily, and that's where opportunities lie. While I do think there's more to go in this bear market, I continue to see 2023 as a year of opportunity for investors.

DM: Where are you seeing these opportunities?

AC: We focus our search for opportunities in two key areas. One area is in those companies, industries and countries that are out of favour, where investors' cognitive biases tend to lead them to be too focused on recent events. The other set of opportunities is where there's a lot of change going on, whether it's regulatory, technological or in the competitive environment. There are some really big changes going on in the world today, most notably that the global economy needs to undergo a massive investment cycle to decarbonise, and that is presenting a huge array of opportunities. The opportunity set here is much broader than many people think. Electric cars, wind turbines, solar panels and wind farms are often what most people think of, but really, there's a huge number of companies that will benefit, for example, companies that make semiconductors for electric vehicles or solar panels. There will be opportunities in commodities in a range of areas, and again, people think of lithium and copper, but something like pulp, traditionally just used to make paper, is going to be needed to replace plastics, and there are some really interesting activities that come out of making pulp that present opportunities from decarbonisation.[1]

Since COVID, there have been concerns about the reliance on China and the desire for companies to reshore their production or diversify their production bases. That gives rise to opportunities in a lot of different ways, such as relocating those factories to developed markets, which will need high levels of automation on account of the higher labour costs, so companies that provide that sort of equipment stand to benefit. In the developing markets, countries like Thailand and Vietnam are already benefiting from the huge move of production to their shores, creating investment opportunities.

There is also China, which we've already discussed at length; it is still deeply unloved but also fits into this idea of change. China is a leader in so many areas around leading-edge technology. The whole decarbonisation effort will heavily rely on China.

Finally, the shift in interest rates will have long-term impacts on particular types of businesses or companies that go beyond just the first-order effect. Banks that have strong deposit franchises, for example, should do much better in a higher interest rate environment because previously they were gaining no benefit from their deposit franchises, while insurance companies will get better returns on the investment of their floats (the money they hold onto from the time customers pay their insurance premium until they make an insurance claim). Alternatively, in areas where there is significant competition from start-ups, a lot of venture capital money will be withdrawn, and these start-ups are going to have to become profitable. In the banking sector, lots of neobanks (online banks with no physical branch networks) are falling by the wayside, and e-commerce businesses now need to break even. They're not going to get more money for many ventures. Many will fail, and those who are left standing will potentially have won the land grab and developed very valuable businesses.

In summary, while it's easy to get caught up in the doom and gloom printed in the headlines, there are a lot of opportunities for investors in this market, and that is what we are focusing on.

1 Portfolio manager Jodie Bannan discusses how wood pulp is being used to produce sustainable packaging alternatives to plastic and also lower CO2-emitting biofuels and bioplastics in this short video: https://www.platinum.com.au/Insights-Tools/The-Journal/Video-Investing-for-Net-Zero

MSCI Regional Index Net Returns to 31.3.2023 (USD)

REGION	QUARTER	1 YEAR
All Country World	**7.3%**	**-7.4%**
Developed Markets	**7.7%**	**-7.0%**
Emerging Markets	**4.0%**	**-10.7%**
United States	**7.6%**	**-8.9%**
Europe	**10.4%**	**1.4%**
Germany	14.7%	2.2%
France	14.6%	8.8%
United Kingdom	6.1%	-0.8%
Italy	14.7%	9.1%
Spain	15.7%	11.9%
Japan	**6.2%**	**-5.2%**
Asia ex-Japan	**4.3%**	**-8.9%**
China	4.7%	-4.7%
Hong Kong	-2.4%	-5.3%
Korea	9.6%	-14.4%
India	-6.4%	-12.2%
Australia	2.8%	-9.2%
Brazil	-3.2%	-18.7%

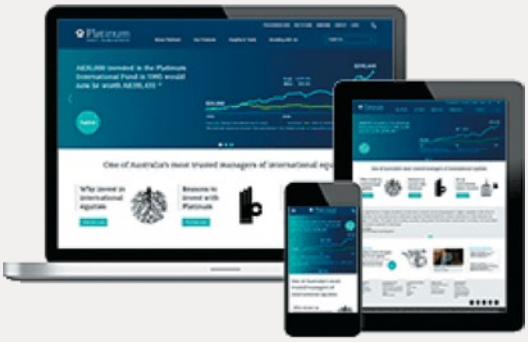
Source: FactSet Research Systems.
Total returns over time period, with net official dividends in USD.
Historical performance is not a reliable indicator of future performance.

MSCI All Country World Sector Index Net Returns to 31.3.2023 (USD)

SECTOR	QUARTER	1 YEAR
Information Technology	20.4%	-7.5%
Communication Services	17.2%	-15.5%
Consumer Discretionary	14.2%	-12.1%
Industrials	6.7%	-1.3%
Materials	5.3%	-9.4%
Consumer Staples	3.4%	0.6%
Real Estate	0.5%	-19.8%
Utilities	-0.7%	-6.4%
Financials	-1.5%	-10.8%
Health Care	-1.7%	-4.1%
Energy	-3.1%	6.5%

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 www.platinum.com.au/Our-Products/PAI to find a repository of information about Platinum Asia Investments Limited (PAI) including:

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

You can find a range of thought-provoking articles and videos on our website. For ad hoc commentary on the latest market trends and investment themes, look up **The Journal** under **Insights & Tools**. If you find yourself short on time to read our in-depth reports and articles, have a listen to our **audio podcasts** or watch brief market updates in **video** format.

Recent highlights include:

- **2023 Investor Presentation: Thinking Differently - What the Market has Overlooked and how 2023 is the Year of Opportunities.**[1] A video of Platinum's recent 2023 investor and adviser presentation is now available for viewing. Co-CIO Andrew Clifford provides an update on Platinum's performance and positioning, and our panel of portfolio managers Nik Dvornak, Cameron Robertson and Jodie Bannan discuss four key opportunities Platinum is investing in.
- **Article - Why Today's Headwinds Have Accelerated a Multi-Generational Shift.**[2] The energy transition is rapidly accelerating. Portfolio managers Jodie Bannan and Liam Farlow outline why the opportunity is too good to ignore and compelling investments they are currently seeing.
- **Video – Impressive Opportunities Abound Across Asia.**[3] The Chinese equity market has bounced strongly in recent months, and while we continue to find plenty of investment opportunities there, we are also discovering other exciting companies to invest in across the region. Portfolio managers Kirit Hira and Cameron Robertson discuss two such companies they visited during recent research trips to Vietnam and South Korea - Mobile World Investment and Coway.
- **Video - A Reality Check for Tech?**[4] After two years of excess and bubble-like valuations, the tech sector suffered a significant setback in 2022. While valuations are looking more attractive, will we finally see a return to investors valuing tech companies based on the strength of their business models and long-term potential earnings power rather than hype? Portfolio managers Alex Barbi and Jimmy Su share their insights and where Platinum is finding opportunities in tech.

1 https://www.platinum.com.au/Insights-Tools/The-Journal/2023-Investor-Presentation

2 https://www.platinum.com.au/Insights-Tools/The-Journal/Why-Today-s-Headwinds-Have-Accelerated-a-Multi-Gen

3 https://www.platinum.com.au/Insights-Tools/The-Journal/Impressive-Opportunities-Abound-Across-Asia

4 https://www.platinum.com.au/Insights-Tools/The-Journal/A-Reality-Check-for-Tech

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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.

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4. The table shows PAI'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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