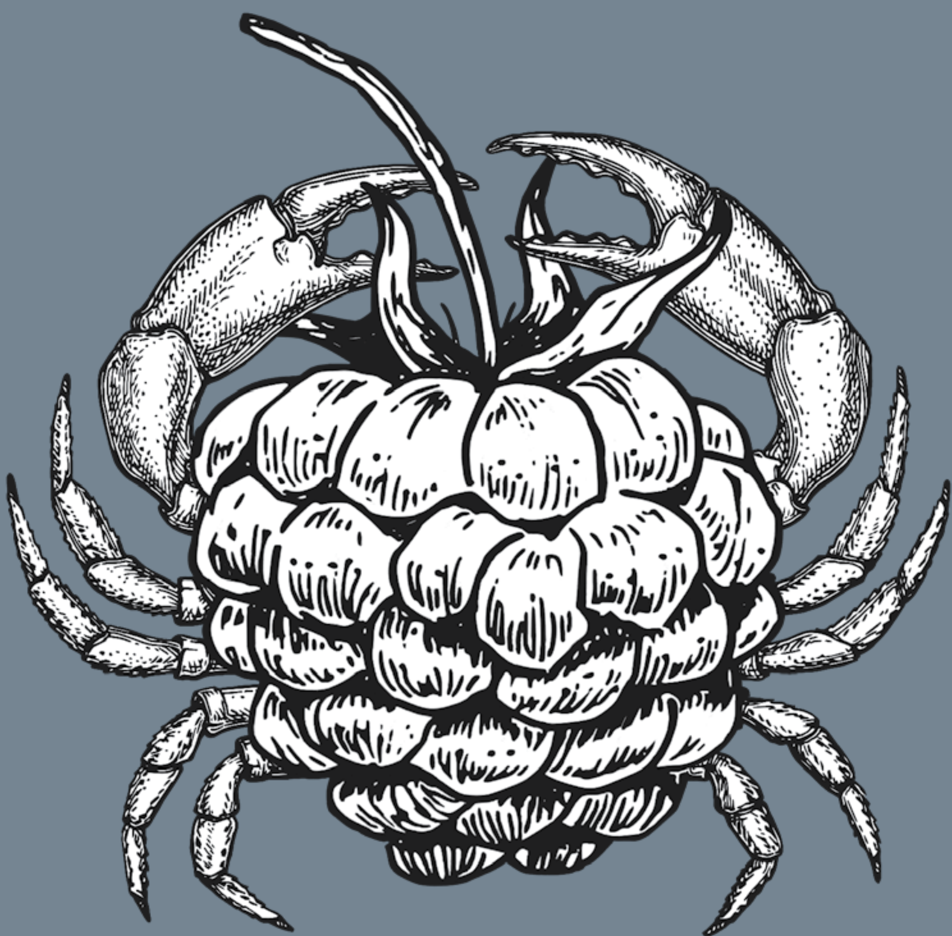
Platinum International Fund
Platinum Global Fund (Long Only)
Platinum Asia Fund
Platinum European Fund
Platinum Japan Fund
Platinum International Brands Fund
Platinum International Health Care Fund
Platinum International Technology Fund

Platinum ASSET MANAGEMENT

Quarterly Report

31 MARCH 2022



Contents

The Platinum Trust quarterly report is available on our website from approximately the 15th of the month following quarter end.
Visit www.platinum.com.au/Investing-with-Us/Investment-Updates

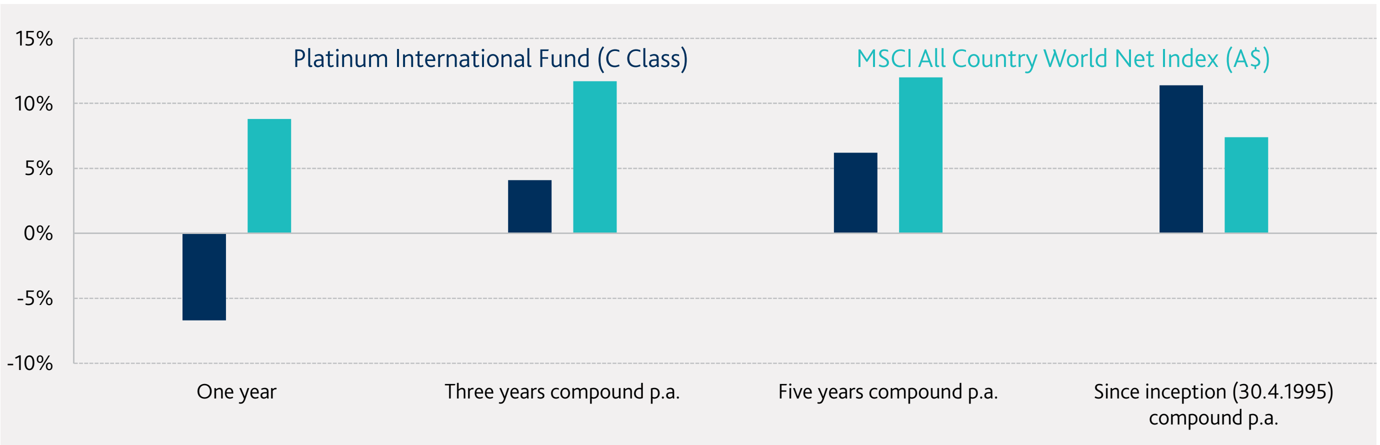
Performance Returns to 31 March 2022

FUND (C CLASS – STANDARD FEE OPTION) (P CLASS – PERFORMANCE FEE OPTION)	PORTFOLIO VALUE A$ MIL	QUARTER	1 YEAR	2 YEARS COMPOUND P.A.	3 YEARS COMPOUND P.A.	5 YEARS COMPOUND P.A.	SINCE INCEPTION COMPOUND P.A.	INCEPTION DATE
Platinum International Fund (C Class)	**7,118.1**	**-7.7%**	**-6.7%**	**8.3%**	**4.1%**	**6.2%**	**11.4%**	**30 Apr 1995**
Platinum International Fund (P Class)	13.1	-7.6%	-6.5%	8.5%	4.4%	0.0%	5.1%	3 Jul 2017
MSCI All Country World Net Index (A$)		-8.4%	8.8%	16.3%	11.7%	12.0%	7.4%	30 Apr 1995
Platinum Global Fund (Long Only) (C Class)	**184.5**	**-12.1%**	**-9.4%**	**11.0%**	**3.4%**	**6.5%**	**9.8%**	**28 Jan 2005**
Platinum Global Fund (Long Only) (P Class)	1.9	-12.1%	-9.2%	11.3%	3.6%	0.0%	5.4%	3 Jul 2017
MSCI All Country World Net Index (A$)		-8.4%	8.8%	16.3%	11.7%	12.0%	8.0%	28 Jan 2005
Platinum Asia Fund (C Class)	**3,396.3**	**-11.2%**	**-16.5%**	**5.9%**	**6.1%**	**8.4%**	**13.1%**	**4 Mar 2003**
Platinum Asia Fund (P Class)	9.9	-11.1%	-16.3%	5.6%	6.0%	0.0%	6.9%	3 Jul 2017
MSCI All Country Asia ex Japan Net Index (A$)		-10.9%	-13.4%	4.6%	3.2%	7.1%	9.2%	4 Mar 2003
Platinum European Fund (C Class)	**458.4**	**-11.3%**	**-4.2%**	**10.6%**	**2.5%**	**5.4%**	**10.3%**	**30 Jun 1998**
Platinum European Fund (P Class)	3.8	-11.2%	-3.9%	10.9%	2.8%	0.0%	3.6%	3 Jul 2017
MSCI All Country Europe Net Index (A$)		-12.4%	2.5%	9.2%	5.3%	6.7%	3.3%	30 Jun 1998
Platinum Japan Fund (C Class)	**537.9**	**-6.4%**	**-1.5%**	**5.2%**	**5.4%**	**6.0%**	**13.0%**	**30 Jun 1998**
Platinum Japan Fund (P Class)	2.8	-6.3%	-1.2%	5.4%	5.6%	0.0%	5.3%	3 Jul 2017
MSCI Japan Net Index (A$)		-9.6%	-5.1%	3.2%	4.9%	6.4%	3.0%	30 Jun 1998
Platinum International Brands Fund (C Class)	**481.1**	**-20.5%**	**-23.2%**	**12.0%**	**2.8%**	**7.2%**	**11.2%**	**18 May 2000**
Platinum International Brands Fund (P Class)	1.9	-20.4%	-22.7%	12.2%	3.1%	0.0%	5.5%	3 Jul 2017
MSCI All Country World Net Index (A$)		-8.4%	8.8%	16.3%	11.7%	12.0%	4.3%	18 May 2000
Platinum International Health Care Fund (C Class)	**481.3**	**-21.7%**	**-23.5%**	**2.2%**	**5.6%**	**8.9%**	**9.3%**	**10 Nov 2003**
Platinum International Health Care Fund (P Class)	10.8	-21.7%	-23.2%	0.9%	4.8%	0.0%	8.1%	3 Jul 2017
MSCI All Country World Health Care Net Index (A$)		-6.9%	14.2%	9.3%	11.7%	12.8%	9.6%	10 Nov 2003
Platinum International Technology Fund (C Class)	**169.8**	**-13.7%**	**-6.3%**	**13.4%**	**12.6%**	**11.7%**	**9.7%**	**18 May 2000**
Platinum International Technology Fund (P Class)	3.3	-13.6%	-6.1%	13.7%	12.8%	0.0%	11.3%	3 Jul 2017
MSCI All Country World IT Net Index (A$)		-13.1%	13.9%	25.4%	24.9%	24.0%	4.2%	18 May 2000

Fund returns are net of accrued fees and costs, are pre-tax, and assume the reinvestment of distributions. Historical performance is not a reliable indicator of future performance. Source: Platinum Investment Management Limited for Fund returns and FactSet Research Systems for MSCI index returns. See note 1, page 44.

Platinum International Fund vs. MSCI All Country World Net Index (A$)

To 31 March 2022



Fund returns are net of fees and costs, are pre-tax, and assume the reinvestment of distributions. Historical performance is not a reliable indicator of future performance. Source: Platinum Investment Management Limited for fund returns and FactSet Research Systems for MSCI index returns. See note 1, page 44.

In Brief

Platinum International Fund

- Russia's invasion of Ukraine and the implication for energy and food prices was the focus for investors over the quarter. China's role in the conflict, specifically its "partnership" with Russia, as well as the re-emergence of COVID were also a concern. The uncertainty prompted investors to flock back to the 'safety' of growth stocks, causing the Fund to cede its strong absolute and relative performance late in the quarter.
- Commodity producers (Glencore, Mosaic) were strong performers for the Fund over the quarter. Our short positions also made a positive contribution. European banks (Raiffeisen Bank particularly), Chinese stocks (Weichai Power, ZTO, Tencent) and industrials (MinebeaMitsumi, Lixil) detracted.
- We trimmed stocks that had performed well (Mosaic, China Overseas Land & Investments, AIA) and increased our exposure to energy (adding new positions in Shell and Suncor Energy) and Europe, notably in travel (with a new position in Wizz Air) and banks (adding to Intesa Sanpaola, Erste Bank, Barclays), which were trading at exceptionally low valuations.
- The Fund continues to maintain a conservative net invested position (62%), reflecting our concerns about interest rates, inflation and the deteriorating geopolitical environment. The Fund's investments (longs) predominantly comprise profitable businesses, though with some degree of cyclicality, trading at attractive valuations. The Fund also holds short positions in market indices as well as the popular and expensive growth companies. While growth stocks have offered a place to hide for investors in recent weeks, our assessment is that the highly speculative growth stocks still have considerable downside.

Platinum Global Fund (Long Only)

- The Russian invasion of Ukraine and the government and corporate-imposed sanctions that followed was the catalyst for the Fund's negative return over the quarter. Detractors from performance tended to be clustered in our Chinese companies, businesses with exposure to Eastern Europe, and industrials. Our commodity producers posted strong gains.
- The disruption to the global energy market is hard to overstate. In response, we bought positions in oil and gas producers Suncor Energy and Shell. We are happy to buy companies where the more difficult outlook has been fully reflected in their share price. We initiated positions in Erste Bank and low-cost European airline Wizz Air, and reinstated a position in online travel agent Booking Holdings. We also added to our holdings in Intesa Sanpaolo, Chinese online travel agent Trip.com, Japanese precision component manufacturer MinebeaMitsumi and advertising giant Meta Platforms.
- The Russia-Ukraine conflict has reinforced our belief that a large global capital expenditure cycle is required. The attempt to move the globe to a low-carbon energy mix will require one of the largest capital works programs seen in the last 100 years. There is also likely to be hundreds of billions of dollars spent on energy (to replace oil and gas flows) and defence in Europe, and a renewed emphasis on security of supply of a range of critical manufacturing (e.g. semiconductor fabrication plants) built closer to home. The Fund continues to hunt for prospective investments around these themes.

Platinum Asia Fund

- The Chinese and Korean markets were particularly weak during the quarter, while Indian and South East Asian markets fared better. Our Chinese holdings were key detractors from performance (Tencent, ZTO Express, Kingsoft, Weichai Power, JD.com), while property developers, China Overseas Land & Investments and China Resources Land, provided a positive contribution.
- We rotated money out of some of the better-performing assets in China, redeploying the capital into areas experiencing more indiscriminate selling (JD.com, Tencent and Trip.com). We added to our small holding in Longping High-Tech Agriculture and initiated a new position in online grocery delivery company Dingdong.
- For the past three decades China's North Star has been economic development and improvement in living standards for the populace. If that remains their primary focus, as a country with deep international trade relationships and a strong export sector, then we believe the market's concerns on China are likely to prove exaggerated and the current fairly substantial discount that we think is priced into the country's assets should somewhat reverse.

Platinum European Fund

- Our holdings in travel companies, banks and other businesses with Central and Eastern European (CEE) exposures were key detractors from performance, including Wizz Air and Raiffeisen Bank. Italian-based oil refinery, Saras and German pharmaceutical and crop science giant, Bayer provided a strong positive contribution.
- As European equity markets panicked we added to names we liked, including some of the CEE-exposed companies in the eye of the storm, such as Erste Bank, as well as some high-quality but less-impacted companies, such as SIG Combibloc, a Swiss-based industrial company specialising in aseptic packaging solutions.
- Key themes in the portfolio include post-COVID travel recovery, banks that we expect to benefit from higher interest rates but are also supported by structural tailwinds (around two-thirds of which are in the CEE), software and digital media, clean energy and healthcare. All of which represent favourable long-term growth opportunities in our view.

Platinum Japan Fund

- Japanese equity markets continued their decline in the first quarter of 2022. Pockets of strength in the market were positively exposed to either the upward move in global interest rates (banks, insurers) or commodity prices (trading companies, energy producers/explorers/services, materials).
- A number of our positions (Lixil, MinebeaMitsumi, Nippon Ceramic) were hurt by the prospect of cost increases and broader supply chain issues, as a result of yen weakness. Our decision to shift the currency exposure into USD, leaving us with around 25% of the Fund exposed to the yen at the time it started to fall, benefited performance. We later moved some of that exposure to the AUD. Kawasaki Kisen Kaisha, Nintendo and Fujitec also contributed positively.
- We continue to prefer companies that are well placed to deal with cost inflation, or positions where we and/or others may be effective in attempts to encourage management to behave in a commercial manner. The rising-cost environment may provide management teams with the cover they require to acquiesce to shareholder wishes without attracting the undue public criticism and consequent loss of face such action would usually entail.

Platinum International Brands Fund

- The Russian invasion of Ukraine was at the core of the Fund's losses over the quarter - and not just in relation to our direct Russian exposure. The Fund held two Russian stocks (TCS, Sberbank) immediately prior to the invasion, which had a significant impact on performance. Other holdings with operations in Russia and/or Central and Eastern Europe were also disproportionately affected (Raiffeisen Bank, Asahi, ASOS, Pandora). Our Chinese holdings also detracted.
- We have assembled a portfolio of businesses with attractive growth profiles and reasonable valuations, many of which are suffering from temporary headwinds that should dissipate as we fully reopen from the pandemic. The underlying earnings growth of our portfolio should support stock prices as we move forward given the attractive valuation levels.

Platinum International Health Care Fund

- The indiscriminate sell-off in biotech stocks accelerated during the quarter, significantly impacting the Fund's performance. Key detractors included our Chinese biotech holdings (Genetron, Zai Lab, Hutchmed) and next-generation pharmatech companies (ExScientia, Recursion). In contrast, our pharma companies held up well (Bayer, Takeda and Neuren).
- Many investors are expecting gloomy times ahead for biotech companies, as financing is harder to come by. This, however, will also bring discipline back into the sector, weeding out companies with weaker projects. In our view, this presents a good opportunity to make great investments valued way too cheaply. One such area is cell and gene therapy, where our holdings in Bayer and Takeda look particularly interesting.

Platinum International Technology Fund

- Technology stocks started 2022 on a rather sombre note. Meta Platforms and Chinese internet names (Alibaba, Tencent, JD.com) were key detractors from the Fund's performance, while Vodafone and Nintendo provided a positive contribution.
- The conflict in Ukraine has created more disruption through the oil, agriculture and industrial supply chains. The future is more likely to see some strategic sectors like energy, defence and technology being 'on-shored' within the relative safety of domestic borders. Despite inevitable disruptions, areas like semiconductor manufacturing, renewable energies, electric vehicles, and data centres, are some of the most interesting themes to monitor for future growth opportunities. We believe the Fund is well positioned for these exciting new trends.

Macro Overview: Navigating Through Complex Times

by Andrew Clifford, Co-Chief Investment Officer

In late March, CEO and co-CIO Andrew Clifford sat down with Investment Specialist Julian McCormack to discuss the quarter's dramatic world events and what they mean for inflation, interest rates and markets. An edited transcript of the conversation is below.*

JM: Andrew, after starting the new year on a strong note, financials, industrials and materials, essentially cyclical stocks, reset lower in February on fears around the Russia-Ukraine conflict, what are your thoughts on a 3-5-year view?

AC: I think it's worth returning to where we were before the invasion of Ukraine and COVID really took hold in China. We were in a situation where we were clearly coming out of the pandemic, countries were reopening, there had been a huge amount of fiscal stimulus across the world and economies were looking in great shape. We also had an extraordinary rise in inflation to levels we haven't seen in 40 years, and with that, there was the realisation that interest rates were going to rise, and by a quite a lot. That environment was going to be very positive for financials, industrials, materials, travel stocks, and the like. Indeed, towards the end of last year and the first few weeks of the new year, they were doing very well. On the flipside, it was also an environment that was going to be very challenging for the stocks that had driven markets for the last three years, particularly the last two, the growth stocks or 'quality compounders' as they are often referred to. Indeed, some of the big favourite names like Facebook or Meta Platforms as it's now called, Netflix and other excitable growth names experienced some significant setbacks. These are the types of stocks that trade on 20, 30, 50 times sales and have serious valuation implications in a higher interest rate environment. I would add that when it comes to bull markets, there are two things that happen: there's a great story; and the story gets better in people's minds as the prices reinforce it. The story is correct, but when rates suddenly start rising and stock prices stumble, people start looking more closely. A stock such as Facebook, for example, has gone from being an unsurpassed media giant for digital advertising, to a company really struggling in terms of competition and changes in its environment. Netflix, likewise, has been through similar challenges. So, as people start paying more attention to these stocks, we start to get a very different stock market environment.

JM: Interestingly, people have returned to those kinds of exposures, the quality compounders, in recent weeks, driving astounding performance in stocks like Tesla, Microsoft and Apple. What do you make of that?

AC: To me, it seems to be a reflex action for investors that's been driven into them over recent years. We have talked a lot over the past five years about how people were 'forced' into equities. They didn't really want to leave the safety of their bank deposits but had no other option in order to get returns. They wanted to invest in something they felt comfortable with, that was 'safe'. And that's certainly what the quality compounders and the Microsofts of the world appear to offer. We have gone from a period where investors were probably gaining confidence, there was an economic recovery underway and yes, interest rates were going to rise, but it wasn't the end of the world, to now facing a war on the Continent. There are also questions about China's role in the Russia-Ukraine conflict and the implications of that, as well as concerns about the strength of the Chinese economy,

*The full interview is available in audio format on The Journal page of our website https://www.platinum.com.au/Insights-Tools/The-Journal which continues to struggle. The huge increase in uncertainty sees the "let's go back to safety" playbook come out yet again. While it doesn't surprise me, what I do find extraordinary this time, is that people actually want to return to these stocks, despite rates now rising. We always tend to focus on the US, but central banks across the world have been raising rates for a while. In the US, I follow the 2-year Treasury yield as an indicator of future rates and it's up around 150 basis points just this year (see Fig. 1). Investors wanting to go back to assets where the value won't be realised for many years out, so there's a discount effect,[1] is pretty bold in my view, especially when the US Federal Reserve (Fed) has reiterated they will be increasing rates. It's worth noting that following the invasion of Ukraine, European lead indicators, such as consumer confidence and business confidence, now look dismal and the economy is most likely going to have a very strong, short disruption at the least. China too is facing a difficult period because of COVID. In contrast, the US economy, for the moment, doesn't look to be skipping a beat, and in fact, taken in isolation, the worry there is that rates may go up much further than many expect.

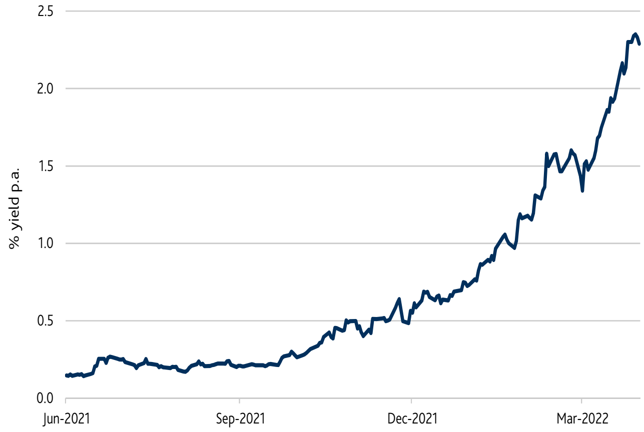
JM: It's interesting in that context, maybe you could reflect on the process of going from extreme bullishness to bearishness, using past market cycles in terms of timing?

AC: It's always interesting to reflect on some of the timeframes involved. If you go back to 2008 for instance, and from recollection, it was around February when the Bear Stearns issue arose, there had been problems in the mortgage market leading up to that, but yet it wasn't until August that things really came to a head. In more ancient history, I was recently reviewing the end of the Japanese bull market in December 1989. Japanese government bond yields had risen sharply that year, from around 5% to 8%,[2] so it took a while for the market to crack, but then it certainly did happen. The lesson here is, it can just take time. I think it's worth talking about the other side of the equation too, the stocks that are out of favour, where valuations are back to crisis levels. While we don't know what the next three or six months will look like for companies such as BMW or Eastern European bank Erste Bank, two very high-quality businesses in our view, they are trading at levels last seen in the depths of the COVID sell-off or the 2009 sell-off in terms of their valuations and the strength of their underlying businesses.

1 Growth companies tend to rely on earnings in the more distant future. When valuing a company, future earnings are discounted back to a present value using a required rate of return, which is related to bond yields. As bond yields rise, the discounting process leads to a lower value in today's dollars, for the same level of future earnings.

2 Source: FactSet Research Systems.

Fig. 1: US 2-Year Treasury Yields



Source: Bloomberg as at 31 March 2022.

JM: I am reminded of the common refrain that as everything goes down all at once anyway, we might as well hold the current winners. Does it matter what you own?

AC: Well, if you look at history, there's one great exception to that, which was the end of the tech boom in 2000 and 2001. As tech stocks sold off, all of the out-of-favour companies back then, the 'old world' companies like spirits businesses and consumer staples that were trading on discounted valuations of around 11 or 12 times earnings, were actually rising. The sell-off in 2008/09 was indeed a case of everything going down at the same time. However, the better-valued stocks tend to not go down quite as much and recover much earlier.

Reflecting on last year, certainly there was some good buying to be done in a Microsoft or Facebook in March, however, there were much better buying opportunities in copper stocks, like Freeport-McMoRan or First Quantum Minerals, which were up 50% and 80% respectively over the year to the end of March 2022.[3] At the end of the day, you have to get through the cycle to see how it all unfolds, but when we're buying a stock like BMW at 60% of its book value and there's a shortage of cars that will take two or three years to resolve, I think that's great long-term investing in the very traditional sense and not punting stock prices.

3 Source: FactSet Research Systems.

JM: Changing tack slightly, the other great area of focus for investors is China. We've seen an extraordinary response in perhaps some of the more speculative areas of the Chinese market following comments from Chinese Vice-Premier Liu He. Do you have any comments on that?

AC: Firstly, I would like to make an overall comment here, because there are a lot of fears about China, particularly its relationship with Russia. Clearly, China wants to play a very independent role, rather than a more neutral role. We need to remember that the US sanctions against Huawei effectively destroyed one of the greatest private companies of the world, so China naturally has genuine reasons to be fearful of the West and their role here. However, China's success is a product of being part of the global system. Their wealth and livelihood are a function of being part of that system, so to my mind, the likelihood that they will endanger that, is very low. I think that the worst fears are extreme here.

Now, clearly, the reforms of last year have hurt their economy, which they are well aware of, and COVID is now another blow for them. They need to get the economy going again, which explains why Vice-Premier Liu He, in a speech in mid-March, vowed to support economic growth and the capital markets, with notable mentions of the real estate and technology sectors, which have been impacted by regulatory crackdowns. There were also stimulatory measures announced, including tax cuts worth a percent or two of GDP.

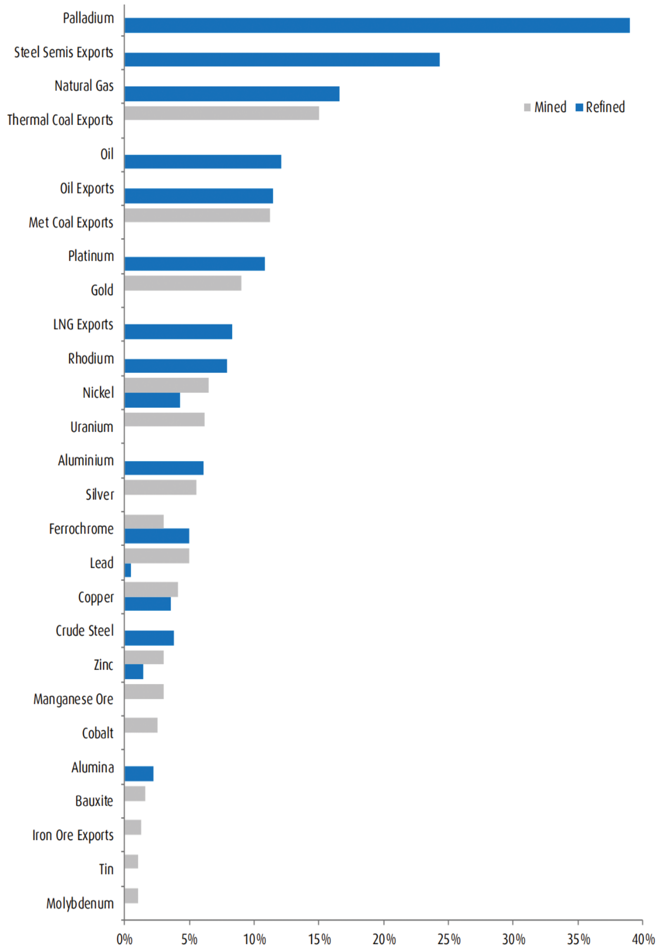
There are also a lot of concerns around Chinese American depository receipts (ADRs), with the US regulator, the Securities and Exchange Commission, looking at potentially delisting some Chinese companies from US stock exchanges. However, that is a sideshow really, because companies are just relisting in Hong Kong. Interestingly though, China has changed their position and is taking a highly conciliatory stance, trying to appease the US.

Back to your question regarding the market reaction, Chinese stocks were very cheap to start with, they were in a big bear market already, and then we had that extraordinary sell-off that only lasted for a couple of days. A bounce on the back of the positive statements was to be expected, but I think there is still some pretty interesting value in that market today.

JM: Apart from the human suffering from events in Ukraine, there are other real-world economic implications globally, can you touch on some of those?

AC: One major repercussion from the Russia-Ukraine conflict is obviously energy prices - not just oil, but also gas and thermal coal. These markets were already incredibly tight and while it's impossible to predict how the war will unfold from here, short of a regime change, Russia will most likely remain a pariah state. On that basis, it's reasonable to expect

Fig. 2: Percentage of Global Supply Sourced from Russia



Source: USGS, BMO Capital Markets.

elevated energy prices to continue. Another area that has been impacted is food prices and associated input costs, like fertilisers. Ukraine and Russia are huge suppliers of grains, notably wheat, but also fertilisers (potash). Our discussions with people in those markets indicate this is a very significant disruption, particularly in fertilisers, which is not going to be easily resolved. There are obviously humanitarian consequences of higher food prices in very poor countries. In terms of market implications, energy and food are the biggest components of household budgets, particularly for low-income earners in the West. This has a real impact on not just the average consumer but also businesses selling to those consumers. There are lots of swings and roundabouts, you can't ever assume that just because you are selling to lower-income households that you lose out, you might be able to increase prices, consumers may still buy your product, but then save elsewhere. However, there are going to be implications and it creates a very complex environment for investors.

JM: Obviously, it's different this time, but how would you compare and contrast that setup to how you were seeing the markets in 1999 and 2000?

AC: There's much greater complexity in the economic environment this time. Like the current situation, certainly in 1999/2000 we had interest rates going up and there were extraordinary valuations in some sectors, while a part of the market that had been left behind looked very attractive. But let's remember that in 2000, it was all about Y2K, which caused people to misread the situation. There was considerable demand for IT, which turned out to be driven by this artificial deadline for everyone to revamp their systems. This time, to some extent, I think we have the same possibility, with huge demand for physical goods. We have the potential now that everyone is misreading demand for say, homewares or other goods that have been in great demand. In the IT area, the amount of money available for start-ups is extraordinary. You can see on the front page of the financial papers every day about someone raising another US$100 million on a billion-dollar valuation - and they've barely even got started and that US$100 million goes into a lot of IT services. For some of those much-loved software companies, sales aren't actually on trend, they're way above trend. In our view, it's very likely that we're going to have ongoing disappointments over the next year or so, particularly in those companies that are trading at incredibly stretched valuations.

With interest rates likely to move higher, I think the long duration stocks, the quality compounders, are going to be, at best, very low-returning investments. We feel there's just far better value in a whole range of other stocks that we've already touched on - the industrials, materials and banks and so on.

MSCI Regional Index Net Returns to 31.3.2022 (USD)

REGION	QUARTER	1 YEAR
All Country World	**-5.4%**	**7.3%**
Developed Markets	**-5.2%**	**10.1%**
Emerging Markets	**-7.0%**	**-11.4%**
United States	**-5.3%**	**13.6%**
Europe	**-9.6%**	**1.1%**
Germany	-12.9%	-12.0%
France	-8.7%	4.5%
United Kingdom	1.8%	13.6%
Italy	-10.0%	-2.7%
Spain	-4.1%	-3.7%
Japan	**-6.6%**	**-6.5%**
Asia ex-Japan	**-8.0%**	**-14.6%**
China	-14.2%	-32.5%
Hong Kong	-1.8%	-12.0%
Korea	-9.6%	-18.5%
India	-1.9%	17.9%
Australia	7.3%	13.5%
Brazil	35.9%	24.7%

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 31.3.2022 (USD)

SECTOR	QUARTER	1 YEAR
Energy	21.2%	40.0%
Materials	2.8%	10.9%
Utilities	1.2%	10.7%
Financials	-0.4%	11.1%
Health Care	-3.8%	12.6%
Consumer Staples	-4.0%	7.5%
Real Estate	-5.5%	9.5%
Industrials	-6.0%	1.5%
Information Technology	-10.3%	12.3%
Communication Services	-10.6%	-7.4%
Consumer Discretionary	-11.3%	-5.5%

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.

Investing for a Better Tomorrow

by Liam Farlow and Jodie Bannan*

The world economy emits around 50 billion tonnes of CO_2-equivalent greenhouse gases (GHGs) every year, of which 36 billion tonnes is derived from the burning of fossil fuels.[1] It is now widely accepted the increasing amount of GHGs in the atmosphere is warming our planet and the current level of emissions needs to reduce over the next two to three decades to stop global temperatures from rising to levels that may cause significant disruptive climate change and economic damage. In order to achieve this, the world will need to transition away from fossil fuel-derived energy consumption. While governments and corporations are leading the way on this front, consumers and investors have a role to play too.

Energy transitions are not new. In fact, the world has experienced many over past centuries. In the middle ages, the main sources of energy were firewood, animals and human power. However, these energy sources were limited by the pace at which forests grew, or the amount of force a person or animal could exert. Transitions to new primary energy sources take long periods of time and occur at uneven adoption rates. The shift from using charcoal to coal when making iron commenced in England in the 1700s, but because the US had more abundant timber supplies, its transition to coal did not occur until the late 1800s. However, the use of coal enabled a significant expansion in the amount of iron produced. Similarly, the transition from whale oil to kerosene used for lighting occurred during the 1800s and although oil extraction was rapidly increasing for the next century, the transition from steam trains to diesel electric locomotives did not happen until the mid-1900s. This shift was enabled by advancements in the performance and reliability of diesel engines at the time.

Transitions have often been linked with technological progression and typically optimised for efficiency, leading to significant surpluses of primary energy. This, in turn, allowed for higher consumption and productivity, faster economic growth and better standards of living. This was possible because new sources of primary energy including coal and oil had superior energy density and utility to what it was replacing and advancements were made on how to harness and convert that energy. Efficiency gains in industrial furnaces, turbine generators and internal combustion engines

1 Source: IEA.org Global Energy Review: CO2 Emissions in 2021, UNEP-CCC Emissions Gap Report 2021.

*Liam and Jodie are senior investment analysts within Platinum's Industrials and Resources team.

have seen greater energy extraction from already dense stores of energy and these improvements also helped lower the cost of energy.

The current transition is very different. This time, we are prioritising environmental impact over energy surpluses and efficiency gains. In decarbonising the world's energy systems, we are not only looking to replace fossil fuel as an energy source but also the entire energy-conversion platform. This will have wide-reaching impacts on industrial production methods and how we consume energy as a society today.

Today's energy transition will be different for each of us

It is also important to consider that the transition will be a different experience for each individual, as we all have varying starting points, socio-economic priorities and access to resources, which will shape the scope and pace of change. Individuals in America, Europe and Australia consume two-thirds more energy on a per capita basis than the average individual in Africa or India, and they also use energy in different ways. With increasing standards of living and growing economic prosperity, Africa and India will, however, consume increasingly more energy over the next 30 years. This group relies on fossil fuel energy sources for 90% of its needs[2] and given their lower-than-average incomes, is least able to withstand the displacement pressures and higher costs associated with a shift to non-carbon energy. America, Europe or Australia will thus need to bear most of the responsibility for reducing energy consumption and emissions to accommodate for the energy consumption growth in developing economies. Wealthier nations have previously pledged to help subsidise the energy transitions of less-wealthy nations, however, there are accusations that funding has fallen short of prior commitments.

Costs, disruption and trade-offs will be par for the course

The challenge will be to manage the costs and disruption associated with transitioning energy systems before non-carbon alternatives are commercially viable at the scale required. Wind and solar may achieve lower emissions, but there is no point transitioning to a higher-cost supply of energy which chokes off demand. Nuclear energy can provide carbon-neutral baseload generation, but must overcome public concerns and misperceptions around safety. In addressing the energy transition, societies will have to deal with some trade-offs between the competing objectives of economic growth, a more sustainable energy mix and environmental impacts.

2 Source: BP Statistical Review of World Energy July 2021.

Encouragingly, global energy intensity has already declined by one-third over the 30 years from 1990 to 2021. However, the rate of improvement is slowing.[3] Given the high correlation between energy demand and economic growth, the world's reliance on energy has not reduced in absolute terms. As an example, America's energy intensity has halved since the 1970s, but it still uses more energy today because GDP has more than doubled.[4]

Momentum for change is building

It is clear the next phase of the transition will be a monumental undertaking for the world. It will require trillions of dollars of investment each year and there will be substantial engineering challenges to overcome. It will test political commitment and resolve, and require changes to people's behaviour and attitudes. However, the momentum for change is building. A growing awareness of climate change has seen the European Union (EU) along with 50 other countries, representing 70% of global emissions, commit to net-zero carbon targets by 2050. This has made the adoption of renewables power generation a central part of the future energy mix. Targets are a positive step, and climate policy is one aspect, however, the path forward will be far more important. A globally coordinated policy framework will be required to carefully manage the supply of useful energy through the transition, encourage investment in renewable energy replacements, put a price on carbon and subsidise users most vulnerable to higher energy prices.

Progress is being made in some parts of the world. The US, China and some European countries have invested significantly in renewables capacity to start to decarbonise power sectors. In fact, for the past seven years there has been more renewable power added to the grid than fossil fuels and nuclear combined.[5] Despite a fall in energy demand through the COVID-19 pandemic (reflecting a reduction in economic output), wind and solar power continued to grow share. This is encouraging, however, renewables (including hydropower) still account for just 10-13% of total energy consumed in the US and China.[6] Significantly more investment will be required in coming decades, and challenges around geological limitations, renewable intermittency, unfavourable weather patterns and increased requirements for long-distance power transmission will all need to be overcome.

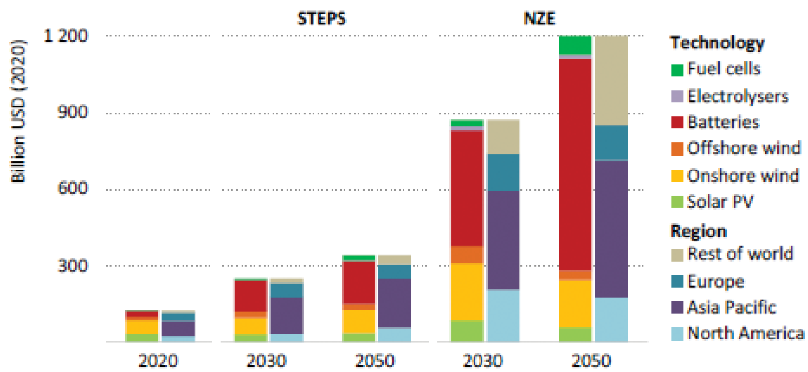
3 Source: IEA.org https://www.iea.org/reports/global-energy-review-co2-emissions-in-2021-2.

4 See previous source.

5 Source: BP Statistical Review of World Energy July 2021.

6 See previous source.

Fig. 1: Estimated market size for selected clean energy technologies by technology and region, 2020-2050



There is explosive growth in clean energy technologies over the next decade in the NZE, leading to a clean energy market worth a cumulative USD 27 trillion by 2050.

Note: Market share estimates are the product of anticipated average market prices and sales of tradeable units of the core technologies: solar PV modules; wind turbines; lithium-ion batteries (for EVs and grid storage); electrolysers and fuel cells. This differs from investment or spending estimates that include, for example, installation costs.

Source: International Energy Agency, World Energy Outlook 2021. NZE = Net Zero Emissions by 2050 Scenario.

Europe is the most progressed in committing to its energy transition. The goals laid out in the European Commission's European Green Deal to achieve climate neutrality by 2050 were written into law in July 2021, including an intermediate target of reducing GHG emissions by at least 55% by 2030 relative to 1990 levels.[7] The 'Fit for 55' package of proposals that followed, included measures to tighten the EU's Emissions Trading System (to put a price on carbon), increase the use of renewables and ensure a faster rollout of lower-emission modes of transport. The EU Taxonomy framework, which lists sustainable economic activities, is also helping to drive higher investment and financing to accelerate implementation.

A number of countries are addressing energy efficiency with renewable heating and cooling policies, and mandatory fuel economy and emission standards for new cars in the transport sector. In some instances, there will be outright bans on fossil fuel-powered vehicles enforced at some date in the future and subsidies to encourage consumers to make the switch to electric vehicles (EVs). Norway is a leading example where a combination of value-added tax (VAT) exemptions and higher taxes on polluting vehicles has seen EVs represent ~80% of new car sales in recent months.[8] The EU's plastic tax and China's ban on single-use plastics are other important policies that will go a long way in addressing plastic waste derived from fossil fuels. Even developing countries, including Nigeria, Tanzania, India and Indonesia, are driving investment in off-grid renewables or mini-grids, which not only connect rural villages with electricity, but contribute to lower carbon energy consumption over time.

7 Source: European Commission https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en

8 Source: Norwegian Road Traffic Information Council (OFV).

Corporations need to play their part

The role of the world's largest corporations in achieving an overhaul of energy production and consumption cannot be understated and the carbon emissions targets will not be achieved without their involvement. A study conducted by the Climate Accountability Institute, *The Carbon Majors Database,* determined that since 1998, just 100 companies globally are responsible for producing the products that generate over 70% of global GHG emissions.[9] In fact, 25 of these companies (including Exxon, Shell, BP, TotalEnergies and BHP, along with state-controlled companies Saudi Aramco and Gazprom) are responsible for half of these emissions. Many of these companies are responding with commitments to achieve net-zero scope 1, 2 and in some cases, scope 3 emissions, but we are yet to see alignment across all major emitters.[10] Other initiatives include the RE100 group, a global corporate renewable energy initiative comprising hundreds of large businesses, which has member companies including Apple, GM, Microsoft and BMW among many others, committing to match 100% of their energy needs with renewable power by 2050 or earlier.

We all have a role to play

We do not need to wait for governments and corporations to start making changes, there are many ways for us, as individuals, to contribute to the transition today. We can improve energy efficiency by embracing thoughtful home

9 Source: https://www.cdp.net/en/articles/media/new-report-shows-just-100-companies-are-source-of-over-70-of-emissions

10 Scope 1 covers GHG emissions that a company makes directly, Scope 2 are the emissions a company makes indirectly and Scope 3 includes all GHG emissions that an organisation is indirectly responsible for, up and down its value chain (Source: Deloitte).

design and appliance selection. Installing rooftop solar panels coupled with a home battery storage option generates clean electricity and draws less energy from the grid. Retrofitting houses with better insulation to narrow temperature ranges reduces reliance on heating and cooling devices that run on electricity. A switch to LED lighting uses around 80% less electricity than incandescent alternatives and smart home automation technology allows for remote monitoring and reductions in electricity consumption. The challenge will be dealing with the substantial base of existing housing stock that remains many generations behind current best practice when it comes to energy efficiency.

We can also focus on reducing our emissions from transport. Replacing our petrol and diesel-guzzling cars with EV alternatives charged at home with solar power will become mainstream. There will be less personal car ownership and more public and shared alternatives. Walking or riding to work and working from home may become more entrenched, and excess air and road travel will be frowned upon and avoided. The challenge in the EV transition is twofold – turning over the number of global vehicles in operation from internal combustion engines to EVs will be slow and can incur higher upfront vehicle costs. Progress was being made with the battery (the highest cost component of EVs) experiencing a decade of cost decline following advances in cell chemistries and design. However, this has recently ground to a halt and is partially reversing with rapid input price inflation, particularly battery metal raw materials, due to COVID-19 supply-related issues.

Moving towards a regenerative 'circular economy' is another focus for change. This means conserving resources or doing more with less, designing out waste and pollution, and keeping products and materials in use. We can reduce our food waste and purchase goods that use sustainable packaging. 'Fast fashion' will become a thing of the past, as we avoid purchasing clothing made from resource-intensive cotton and plastic polyester fibres. As consumers, we can increasingly choose to vote with our wallets and where possible, purchase from companies that are focused on lowering their product's CO_2 footprint, or providing recycling or re-use solutions to avoid landfill at the end of the product's life.

Investing sensibly for the transition

As investors, we can make a difference as well, by investing in industries that are contributing to lower emissions – and there are many old, new and innovative companies and technologies on offer. Renewable sources of energy, including wind, solar and its supply chain are naturally common areas of focus for investors. The role of nuclear and gas as near-term sources of dispatchable baseload power could be another area of consideration in the future. Elsewhere, modernising and expanding grid infrastructure will be a critical enabler for integrating large shares of renewable energy into power systems; as will storage solutions offered by hydrogen, and batteries to deal with intermittency.

The electrification of transport is maturing quickly. High-profile companies including Tesla may have led the way with EVs but traditional car manufacturers such as BMW, Volkswagen, Mercedes Benz and Toyota, have made significant investments in EV models, which will progressively launch in coming years. Consumers will have a much wider choice than is currently supplied by Tesla. The battery supply chain is expanding rapidly and will offer investment opportunities. Likewise, the traditional component makers will play a central role in producing electric motors and power electronics for the electric drivetrain. More powerful batteries and faster EV charging will also require the use of power semiconductors.

Enabling all these initiatives, whether wind, solar, EVs and hydrogen, will require increasing quantities of metals – steel, copper, aluminium, cobalt, lithium, nickel and many others. These markets are currently tight, with mining companies earning healthy margins but are being incredibly cautious and disciplined around adding new capacity given poor shareholder outcomes of recent resources cycles.

There may also be opportunities to invest in companies addressing energy efficiency of buildings and homes or companies that will participate in the recycling effort and lower consumption of plastics.

The challenge of investing in some of these newer areas of change is that business models are still evolving and, in some cases, end-market demand is nascent. Government subsidies may be critical to help fund new industries in their infancy or to incentivise consumers to switch to greener alternatives, but there is a risk that funding may be withdrawn before these industries become self-sustaining. Large-scale capital projects require significant upfront investment and returns can be long-dated, which could see newly formed companies remain loss-making for the foreseeable future. This is likely to drive periods of extreme volatility in certain companies' share prices, however, there are companies with resilient core operations and strong balance sheets that we believe are best suited to navigate the transition and capitalise on higher growth and change. It is with this in mind, that Platinum plans to launch a carbon transition product in May 2022 (subject to regulatory approval).

Platinum International Fund

Andrew Clifford
Portfolio Manager

Clay Smolinski
Portfolio Manager

Nik Dvornak
Portfolio Manager

Performance

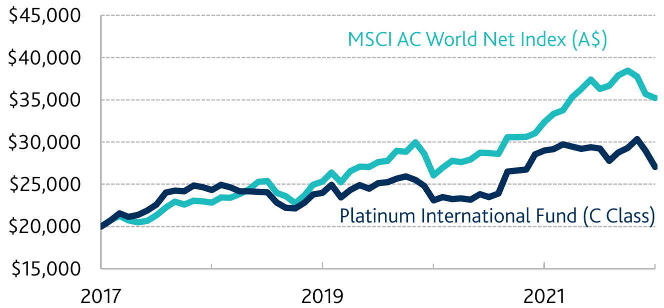
(compound p.a.+, to 31 March 2022)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Fund*	-8%	-7%	4%	6%	11%
MSCI AC World Index^	-8%	9%	12%	12%	7%

+ Excluding quarterly returns.
* C Class – standard fee option. Inception date: 30 April 1995.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI All Country World Net Index in AUD.
Source: Platinum Investment Management Limited, FactSet Research Systems.
Historical performance is not a reliable indicator of future performance.
See note 1, page 44. Numerical figures have been subject to rounding.

Value of $20,000 Invested Over Five Years

31 March 2017 to 31 March 2022



After fees and costs, before tax, and assuming reinvestment of distributions.
Historical performance is not a reliable indicator of future performance.
Source: Platinum Investment Management Limited, FactSet Research Systems. See notes 1 & 2, page 44.

The Fund (C Class) returned -7.7% for the quarter, marginally ahead of the market's -8.4% return.[1]

The performance within the Fund and markets differed dramatically over the course of the quarter.

In the period prior to Russia's invasion of Ukraine, the Fund returned 2.3% while the market fell -8.6%. This period was marked by rising interest rate expectations as the global economy continued its post-pandemic recovery. During these initial weeks of the quarter, expensive growth stocks performed poorly with the Fund benefiting from short positions in these types of companies.

Post the invasion, stocks that were poised to benefit from the economic recovery, such as cyclicals, travel stocks and European banks, experienced significant price falls, as did Chinese companies, reflecting concerns about geopolitical risk and the struggling Chinese economy as it faced a new wave of COVID-19 infections. Investors once again favoured the growth names, with the growth-heavy US Nasdaq 100 Index finishing up 10% over this period. During the final weeks of the quarter, the Fund ceded its strong absolute and relative performance of the earlier period to finish slightly ahead of the market.

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

Strong performers for the Fund over the quarter were our investments in commodity producers. Of note was **Glencore** (+33%), which benefited from broadly higher commodity prices for its mining activities and the dislocation in commodity markets, providing opportunities for its trading arm. US fertiliser company **Mosaic** (+69%) benefited from higher potash and phosphate prices due to concerns regarding Russian/Belarus supplies of these important fertiliser products. The Fund did not have any investments in Russian stocks.

The largest detractor from performance was **Raiffeisen Bank International** (-50%), an Austrian bank which has major banking positions across Central and Eastern Europe (CEE). Other major detractors from performance were our Chinese holdings, notably **Weichai Power** (-19%), **Tencent** (-16%) and **ZTO Express** (-11%), where the market experienced a broad and indiscriminate sell-off as a result of concerns around China's partnership with Russia. Concerns that the US regulator, the Securities and Exchange Commission, would move to delist Chinese stocks from US stock exchanges exacerbated the market's weakness. Japanese industrial stocks **MinebeaMitsumi** (-17%) and **Lixil** (-25%) also detracted, reflecting supply chain and input cost issues following the strong rises in commodity prices.

Contributions from short positions, which are concentrated in the expensive growth stocks, also followed the rotation within the markets, adding significantly to the Fund's performance in the early weeks of the quarter, and then detracting as the markets rebounded during March. Overall, our short positions contributed 1% to performance over the quarter.

Changes to the Portfolio

The Fund's net invested position was reduced over the course of the quarter from 67% to 62%. The decrease in the net invested position reflects an increase in short positions from 23% to 28%. The shorts consist of market indices (14%), individual stocks (12%) predominantly in very highly valued growth names, and baskets of expensive growth stocks in the clean energy sector (2%). The cautious positioning reflects our concerns about interest rates and inflation, and the deteriorating geopolitical environment.

New holdings for the Fund included energy producers **Shell** and **Suncor Energy** (Canadian oil producer and refiner). As outlined below, energy markets were already tight prior to Russia's invasion of Ukraine, and it is now likely that the world will experience elevated energy prices for an extended period. While stock prices of energy companies have risen, broadly they are not reflecting this longer-term outlook.

Disposition of Assets

REGION	31 MAR 2022	31 DEC 2021	31 MAR 2021
Asia	25%	28%	27%
Europe	24%	21%	18%
North America	21%	21%	26%
Japan	13%	14%	13%
Australia	5%	3%	3%
Other	3%	2%	1%
Cash	10%	10%	11%
Shorts	-28%	-23%	-22%

See note 3, page 44. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	31 MAR 2022	31 DEC 2021	31 MAR 2021
Industrials	18%	20%	21%
Materials	16%	14%	18%
Financials	13%	15%	15%
Consumer Discretionary	7%	10%	9%
Information Technology	6%	12%	9%
Health Care	5%	5%	3%
Energy	4%	1%	1%
Communication Services	4%	5%	2%
Real Estate	3%	3%	3%
Consumer Staples	1%	1%	-1%
Other	-16%	-18%	-11%
TOTAL NET EXPOSURE	62%	67%	67%

See note 4, page 44. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

For further details of the Fund's invested positions, including country and industry breakdowns and currency exposures, updated monthly, please visit https://www.platinum.com.au/our-products/pif.

In Europe, we bought a number of stocks that were impacted by concerns regarding European economic growth. These included a new holding in **Wizz Air**, a fast-growing low-cost carrier, that returned to valuations approaching those reached in the COVID-19 sell-off in March 2020. We also increased our holdings in European banks **Intesa Sanpaolo** (Italy), **Barclays** (UK) and **Erste Bank** (Eastern Europe).

A number of stocks that had performed well during the period were trimmed, including **Mosaic** (fertilisers), **China Overseas Land & Investments** (Chinese residential property developer) and **AIA** (Asian insurance).

Commentary

Russia's invasion of Ukraine and the implications for markets has been the focus of attention for investors in recent weeks. Not only is the world facing higher energy and food prices as a result of the conflict, there is the possibility of outright shortages of these commodities, potentially creating serious humanitarian as well as economic issues globally. There have also been concerns regarding China's role in the conflict and the potential for sanctions on China if they were seen to be aiding Moscow either militarily or in avoiding sanctions. Meanwhile, China is dealing with the re-emergence of COVID-19 at a time when the economy is facing its most severe slowdown since its reopening, as a result of the common prosperity reforms introduced during 2021. We will address each of these issues, but before doing so, it is important to understand the economic and market context in which these events are occurring.

Prior to the invasion of Ukraine, inflation and interest rates were the key issues. Inflation in much of the developed world was continuing to rise, reaching levels not seen since the early 1980s. While inflation had been rising throughout the second half of 2021, tight labour markets and commodity markets, ahead of a full reopening of economies post the COVID-19 pandemic, made it clear that it would not fade away as matter of course. The result was a clear change in expectations for the future course of interest rates, most notably in the US where 2-year Treasury yields rose from 0.73% to 2.29% over the quarter. It was not that long ago that increases in interest rates were not expected until 2024. The US economy continued to show strong momentum through the quarter and inflationary pressures have been exacerbated by the conflict. As a result, the Federal Open Market Committee (FOMC) affirmed at their March meeting that they expected numerous interest rate increases to occur over the course of 2022.

One now has to overlay this backdrop of inflation and rising interest rates with a number of additional complications. Russia is responsible for approximately 10% of the world's oil production, of which approximately 75% is exported, and provides Europe with 34% of its oil imports.[2] Russia is also responsible for supplying 40% of Europe's total gas consumption and around 18% of globally traded volumes of thermal coal.[3] For the moment, Europe has not sanctioned purchases of Russian energy (though some private companies have stopped trading with Russia) and Russia has continued to supply oil and gas since the start of the conflict. However, this has occurred at a time when energy markets were already tight and prices were trending higher. In agricultural commodities, Russia and Ukraine provide significant volumes of globally traded wheat (29%), corn (19%) and sunflowers (33%).[4] In fertiliser, Russia accounts for 20% of global potash supply and Belarus supplies a further 18%.[5] Russia is also a significant supplier of other commodities such as steel, palladium, platinum, nickel, iron ore, copper and aluminium. Given that it is highly likely that Russia, short of a regime change, will remain a pariah state, it is also likely that energy and food prices will remain at elevated levels for a considerable period of time. The possibility of humanitarian crises in parts of the developing world is significant, and in the developed world, there will be pressure on household budgets, particularly for lower-income earners. And of course, headline inflation numbers are more likely to continue their upward trend.

2 Source: International Energy Agency (IEA).
3 Source: IEA.
4 Source: US Department of Agriculture, Morgan Stanley Research.
5 Source: ICIS, CRU consultants, Morgan Stanley Research.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Glencore PLC	Australia	Materials	4.0%
Microchip Technology Inc	US	Info Technology	3.2%
MinebeaMitsumi Co Ltd	Japan	Industrials	3.1%
Samsung Electronics Co	South Korea	Info Technology	2.8%
ZTO Express Cayman Inc	China	Industrials	2.8%
Ping An Insurance Group	China	Financials	2.7%
China Overseas Land & Inv	China	Real Estate	2.5%
Tencent Holdings Ltd	China	Comm Services	2.3%
Mosaic Co	US	Materials	2.3%
UPM-Kymmene OYJ	Finland	Materials	2.2%

As at 31 March 2022. See note 5, page 44.
Source: Platinum Investment Management Limited.

In the short term, the conflict has damaged consumer and business confidence, especially in Europe, and indicators are consistent with a sharp slowdown in European economic activity. In the medium term, there are reasons to expect Europe to recover as government spending increases in response to the current situation. We already know that Europe will increase defence spending substantially in the years ahead, and there will be significant investment in diversifying energy sources away from Russia, including the region's ongoing push into renewable energy. The full benefits of the reopening post the COVID-19 pandemic have also yet to be experienced. Unless some of the more extreme scenarios play out, such as Russia cutting off energy supplies or the use of nuclear weapons in Ukraine, it is likely that increases in government spending, together with a progression to a full reopening post COVID-19, will underwrite a robust recovery in the European economy.

The Chinese economy was struggling in the second half of 2021 as a result of the "common prosperity" reforms. As we have discussed in previous quarterly reports, the most important of these reforms, with respect to economic activity, has occurred in the residential property market, which saw a substantial decline in the sale of new apartments with a flow-on effect to construction activity. While policy measures have helped property sales stabilise, the country has now been impacted by the Omicron variant of COVID-19. Having avoided the worst of the pandemic, the arrival of Omicron is likely to effectively bring an end to the country's zero-COVID policy. Unfortunately, the relatively low efficacy of the Sinovac vaccine means that the country's health system will now face the same stress and overloading that the rest of the world has experienced over the last two years. The use of lockdowns to slow the spread of the virus will disrupt economic activity and supply chains. The government has indicated they will pursue measures to support the economy and that the pace of economic reform will slow in order to re-establish business confidence.

The other concern regarding China is its "partnership" with Russia, affirmed in the days leading up to the invasion of Ukraine. Concerns range from potential military support via the supply of weapons, to aiding Russia in avoiding sanctions, and the possibility that China could use this moment to invade Taiwan. China's progress over the last 40 years has been a result of being integrated into the global economic system. Undoubtedly, over time, China has sought to bend this system to their advantage, however, it is highly unlikely that the country would do anything to damage the system and their place in it. If anything, the events of recent weeks will have highlighted to political leaders globally the high level of interdependence of the economic systems of China and the West.

Outlook

The economic and geopolitical backdrop for markets is the most complex it's been for over 40 years. In such an environment, one might expect that investors would be demanding a significant increase in risk premiums, yet the world's major stock markets are only down 5-10% from their recent highs. The one exception to this, is China, which is down 30%. How this unfolds in the stock market is likely to vary greatly by sector and geography.

In recent weeks, the stocks that have been heavily impacted by the conflict in Ukraine are those that have been directly affected. These include a range of cyclical businesses from auto original equipment manufacturers (OEMs) and component providers, to industrial businesses, European banks and travel-related businesses. Chinese stocks have suffered a broad and indiscriminate sell-off as a result of geopolitical fears and the weak economic environment in that country. In many cases, stock prices have approached crisis-level valuations seen in previous sell-offs, such as the global financial crisis or March 2020 COVID-19 sell-off. Many of these companies represent excellent value and we would expect them to perform well in the medium term, as Europe and China recover and uncertainties dissipate.

The growth stocks that led the bull market of the last decade are, however, likely to follow a different path. Investors had a preview of this in the early weeks of the March quarter as expectations of interest rate increases continued to rise and the growth stocks experienced significant selling pressure. Investors have subsequently returned to these companies as a place to hide, though we would expect this to be relatively short-lived as interest rates maintain their march higher. In particular, our assessment is that the highly speculative growth stocks (i.e. those with extremely high valuations, often trading on valuations in excess of 20 times sales) still have considerable downside.

The Fund is positioned for this environment, with its investments (longs) predominantly comprising profitable businesses, though with some degree of cyclicality, trading at attractive valuations. The Fund also holds short positions in the popular and expensive growth companies. It remains our view that the portfolio should be able to produce good absolute returns over the next three to five years. However, as we said last quarter, 2022 is likely to be an interesting and volatile year for investors as we work our way through the end of a pandemic and exit the era of ever-lower interest rates. The conflict in Ukraine has strengthened the case, and in the short term, investors should expect ongoing volatility in markets.

Platinum Global Fund (Long Only)

Clay Smolinski
Portfolio Manager

Performance

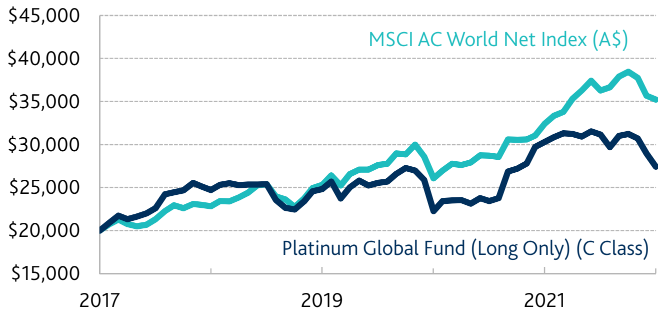
(compound p.a.+, to 31 March 2022)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Global Fund (Long Only)*	-12%	-9%	3%	7%	10%
MSCI AC World Index^	-8%	9%	12%	12%	8%

+ Excludes quarterly returns
* C Class – standard fee option. Inception date: 28 January 2005.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI All Country World Net Index in AUD.
Source: Platinum Investment Management Limited, FactSet Research Systems.
Historical performance is not a reliable indicator of future performance.
See note 1, page 44. Numerical figures have been subject to rounding.

Value of $20,000 Invested Over Five Years

31 March 2017 to 31 March 2022



After fees and costs, before tax, and assuming reinvestment of distributions.
Historical performance is not a reliable indicator of future performance.
Source: Platinum Investment Management Limited, FactSet Research Systems. See notes 1 & 2, page 44.

The Fund (C Class) returned -12.1% for the quarter and -9.4% for the year.[1]

The Russian invasion of Ukraine and the government and corporate-imposed sanctions that followed was the catalyst for the Fund's return over the quarter.

The first-order effect of the removal of Russian exports from global supply chains (Russia is a major exporter of oil, gas, steel, fertiliser and grains) at a time of already heightened global inflation has required investors to question their prior assumptions around the likelihood of a recession and the future level of interest rates. The invasion has also put the spotlight back on the state of US-China relations, with foreign investors selling Chinese stocks in fear of sanctions being broadened to that country.

In terms of our holdings, price falls tended to be clustered in our Chinese companies, businesses with exposure to Eastern Europe, and industrials. Our commodity producers posted strong gains.

The largest detractor from performance was **Raiffeisen Bank International**, a long-term holding in the Fund, which fell -50% over the quarter. Raiffeisen is an Austrian bank with major banking positions across Central and Eastern Europe (CEE) and an earnings base that is effectively 60% Austria and central Europe (Czech, Hungary, Slovakia) and 40% Russia, Ukraine and Belarus. As we mentioned in our last quarterly report, we sold half our position in Raiffeisen in response to growing geopolitical tensions, but with the benefit of hindsight, the optimal decision at the time would have been to sell it all.

As for our remaining position in the company, if we assume Raiffeisen's Russia, Ukraine and Belarus operations are worth zero (i.e. they effectively hand them over to the respective central banks), we are left with a market capitalisation of €4.1 billion backed by €850 million of net profit and €10 billion of equity. This produces a valuation of 5x and 0.4x book respectively, a level hard not to describe as cheap. Given a number of Raiffeisen's central European positions are

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

attractive acquisition targets and it recently sold its small Bulgarian operation to KBC bank for €1 billion (at a multiple of 14x earnings and 2x book value), there is a good case to maintain our holding now.

As mentioned, the other major detractors tended to be clustered in China (**Weichai Power** -19%, **Tencent** -16%, **ZTO Express** -11%) and industrials (**Lixil** -25%, **MinebeaMitsumi** -17%, **LG Chem** -13%), with the falls being more macro related rather than clear company specifics. For the Chinese holdings, the falls can be largely traced back to worries over the geopolitical situation, with the companies more widely held by foreign shareholders tending to fall the most. With regards to the industrial stocks, given rocketing commodity prices, the concern was largely supply chain and input cost related.

The key contributors to performance over the quarter were our commodity producers with major copper, nickel and coal miner **Glencore** rising 33%, while US fertiliser (phosphate and potash) producer **Mosaic** rose 69%. Russia's importance to global energy exports is well known, what garners less air time is their significant agricultural exports. Russia and Ukraine account for 29% of global wheat exports, while Russia and Belarus account for approximately 40% of the potash export market.[2] A disruption to the agriculture market of this scale has rarely been seen before. The grain and fertiliser markets were already tight in 2021, as China's grain stocks had been decimated due to flooding and the need to rebuild their pig herd post the swine flu in 2020. In the case of fertiliser, the lead time to replace this amount of tonnage is a minimum of three years, and the strong rise in Mosaic's share price represents the market finally coming to the view that high prices may persist for some time.

Changes to the Portfolio

There was a higher-than-usual level of activity in the Fund.

In the first two months of the quarter, we sold out of Chinese sportswear maker **Li Ning** and express logistics player **FedEx**. After a strong run, we also sold 25% of our holding in semiconductor manufacturer **Micron Technology**.

With the falls in equity markets post the Russian invasion, the pace of activity picked up. Similar to agriculture, the disruption to the global energy market, as a result of the West not wishing to buy Russian oil and gas, is hard to overstate, and there is potential for high prices to persist during a lengthy transition. In response, we bought positions in oil and gas producers **Suncor Energy** and **Shell**, with the latter of particular interest given its liquified natural gas (LNG) assets.

2 Source: US Department of Agriculture, ICIS, Morgan Stanley.

Disposition of Assets

REGION	31 MAR 2022	31 DEC 2021	31 MAR 2021
Asia	27%	30%	27%
Europe	26%	22%	21%
North America	26%	26%	28%
Japan	10%	12%	10%
Australia	4%	3%	3%
Other	1%	1%	1%
Cash	5%	6%	10%

See note 3, page 44. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	31 MAR 2022	31 DEC 2021	31 MAR 2021
Industrials	21%	22%	25%
Materials	18%	15%	17%
Information Technology	15%	18%	13%
Financials	14%	15%	17%
Communication Services	7%	8%	3%
Consumer Discretionary	6%	7%	4%
Energy	5%	1%	0%
Real Estate	4%	3%	6%
Health Care	2%	4%	5%
Consumer Staples	2%	1%	0%
TOTAL NET EXPOSURE	95%	94%	90%

See note 4, page 44. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Microchip Technology Inc	US	Info Technology	5.2%
Glencore PLC	Australia	Materials	4.3%
Applus Services SA	Spain	Industrials	3.8%
Mosaic Co	US	Materials	3.8%
MinebeaMitsumi Co Ltd	Japan	Industrials	3.6%
ZTO Express Cayman Inc	China	Industrials	3.6%
Samsung Electronics Co	South Korea	Info Technology	3.5%
UPM-Kymmene OYJ	Finland	Materials	3.3%
Weichai Power Co Ltd	China	Industrials	3.1%
Micron Technology Inc	US	Info Technology	2.9%

As at 31 March 2022. See note 5, page 44.
Source: Platinum Investment Management Limited.

For further details of the Fund's invested positions, including country and industry breakdowns and currency exposures, updated monthly, please visit http://www.platinum.com.au/our-products/pgflo

European banks, global travel stocks and industrials were hit hard in the sell-off. We initiated positions in **Erste Bank** and low-cost European airline **Wizz Air**, and reinstated a position in online travel agent **Booking Holdings**. In a similar vein, we added to our holdings in **Intesa Sanpaolo**, Chinese online travel agent **Trip.com**, Japanese precision component manufacturer **MinebeaMitsumi** and advertising giant **Meta Platforms** (previously known as Facebook).

Wizz Air is the second airline we now own in the Fund. Buying an airline whilst oil prices are rocketing may seem counter-intuitive, but there are several reasons Wizz can be a much larger business 3-5 years out. Firstly, we are generally interested in travel, as the industry is still suppressed by COVID and there is scope to see a boom in travel spending as people prioritise a holiday or visiting family. Indeed, we are seeing evidence of this building, with hotel room rates in the US now trending 20% higher than pre-COVID prices.[3]

Secondly, Wizz operates an 'ultra-low-cost carrier' business model, utilising young staff sourced from lower-cost central European countries and operating one of Europe's youngest and most-efficient plane fleets. As a result, Wizz is Europe's lowest-cost airline, a position it holds with Ryanair.[4] Thanks to the European Union (EU) open skies agreements, the bulk of European airspace operates like it would within Australia or the US, with national borders removed and carriers free to fly to whatever city pairs they wish. What is different to Australia and the US, is the structure of the EU airline market, with a significant amount of capacity still held by inefficient high-cost legacy state-run airlines, a situation particularly true in Wizz's central European home market.

The industry maxim of "there is never a demand problem for the airline with the cheapest seats", has generally rung true in practice, with airlines like Wizz and Ryanair being able to consistently expand and push out higher-cost competitors. Wizz operates a fleet of 150 aircraft today, but has an order book of 400 more airbus A321neo aircraft to be delivered over the next eight years. The transition of the fleet to a321neos will further extend Wizz's cost advantage over its peers, many of whom delayed their order books due to COVID. The a321neo effectively costs the same to run as the smaller a320 (via 15% less fuel burn) but carries an additional 59 passengers 'for free'.

The 50% fall in Wizz's share price post the invasion, gave us a great opportunity to buy it at a valuation of 13x what the airline made in 2019 pre COVID. The 2019 profit result was generated from a fleet of 100 planes, and with Wizz's larger fleet size there is the prospect of Wizz's earnings to be 2-3x higher in the future.

3 Source: Booking Holdings fourth-quarter company report.

4 Source: Wizz Air and Ryanair financial reports, Bernstein.

Outlook

A factor reinforced by the Russia-Ukraine conflict is our belief that a large global capital expenditure cycle is required. The attempt to move the globe to a low-carbon energy mix will require one of the largest capital works programs seen in the last 100 years, and on top of that, there is likely to be hundreds of billions of dollars spent to replace oil and gas flows in the medium term, an additional €100 billion of annual defence spending in Europe and a renewed emphasis on security of supply of a range of critical manufacturing (e.g. semiconductor fabrication plants) built closer to home. The Fund continues to hunt for prospective investments around these themes.

The picture at the end of December was one of strong economic growth in the US and Europe, with the Chinese government starting to stimulate their economy leading into the October re-election. At the same time, there was an inflation problem in the West, with the US Federal Reserve committed to raising interest rates throughout 2022. In that environment, our positioning was to avoid the expensive speculative areas of the market that were pricing in low interest rates and invest where relative valuations were more favourable.

While much of the above is still true, there are significant new factors on the economic front. Consumers are now facing higher fuel and food prices, the US 30-year mortgage rate has jumped to 4.6% (near the highest in a decade),[5] Germany is warning its companies that they may need to ration access to natural gas and China is returning to mass-scale lockdowns to control COVID. In short, the chances of a slowdown have dramatically increased, and in response, most Western markets have fallen 5-10% while China fell 30%.

Overall, we are happy to buy companies where this more difficult outlook has been fully reflected in their price (for example Wizz Air and Erste Bank that fell -50% and -40% respectively post the start of the war) but would observe still large chunks of the market have not reacted. The issues of inflation, energy security and shortages can't be solved with money printing and represent a different challenge than investors have experienced over the last decade. Given this, we are actively positioning the Fund to reflect this more cautious outlook.

5 Source: Federal Reserve Bank of St. Louis.

Platinum Asia Fund

Andrew Clifford
Portfolio Manager

Cameron Robertson
Portfolio Manager

Performance

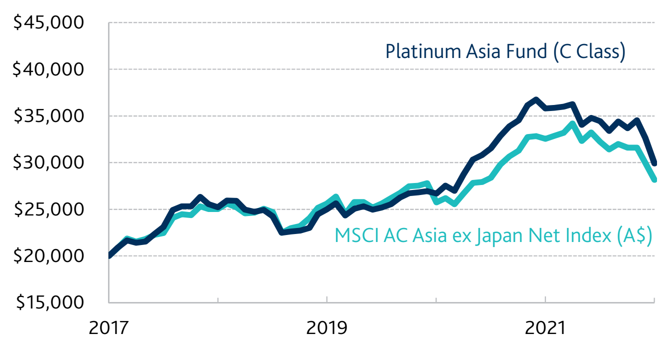
(compound p.a.+, to 31 March 2022)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Asia Fund*	-11%	-16%	6%	8%	13%
MSCI AC Asia ex Jp Index^	-11%	-13%	3%	7%	9%

+ Excludes quarterly returns
* C Class – standard fee option. Inception date: 4 March 2003.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI All Country Asia ex Japan Net Index in AUD. Source: Platinum Investment Management Limited, FactSet Research Systems.
Historical performance is not a reliable indicator of future performance. See note 1, page 44. Numerical figures have been subject to rounding.

Value of $20,000 Invested Over Five Years

31 March 2017 to 31 March 2022



After fees and costs, before tax, and assuming reinvestment of distributions. Historical performance is not a reliable indicator of future performance. Source: Platinum Investment Management Limited, FactSet Research Systems. See notes 1 & 2, page 44.

The Fund (C Class) returned -11.2% for the quarter and -16.5% for the year.[1]

The Chinese and Korean markets were particularly weak during the quarter, while Indian and South East Asian markets fared better. The sell-off in Korean shares happened alongside weakness in the Nasdaq and US growth sectors through January, as inflationary concerns rose and investors started to discount the potential impact of multiple interest rate rises. The weakness in Chinese assets was quite a separate event, particularly noticeable through the first half of March, following geopolitical questions arising out of Russia's invasion of Ukraine, and exacerbated by comments from the US Securities and Exchange Commission (SEC) relating to the ongoing delisting process of Chinese companies from US stock exchanges.

Turning to the portfolio, there was a positive contribution from **China Overseas Land & Investments** (+27%) and **China Resources Land** (+11%), two of our Chinese property developer holdings. These companies benefited from a targeted relaxation in government policies to help boost end demand, as well as loosened restrictions for better-capitalised developers. While the drama surrounding Evergrande and other more indebted developers has not completely passed, it appears there is a bifurcation whereby more conservative operators (such as those that we own) are increasingly viewed through a more favourable lens by the market and by regulators.

Some of our holdings through South East Asia also did relatively well during the quarter. **Jardine Cycle & Carriage** (+22%) saw its shares rise as investors scrambled to find companies set to benefit from Indonesia's increasingly attractive macroeconomic backdrop. Meanwhile, the Vietnamese retail group, **Mobile World Investment Corp** (+7%), also saw its share price rise late in the quarter after providing a better-than-expected operational update.

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

On the negative side of the ledger, our Chinese holdings were key detractors from performance. **Tencent** (-16%), **JD.com** (-15%), **ZTO Express** (-11%), **Alibaba** (-6%) and **Kingsoft** (-27%) were amongst the weakest performers, all selling off sharply on the geopolitical issues and/or US regulatory issues mentioned above. While many managed to recover some of their losses late in the quarter on reassuring comments from Vice-Premier Liu He (see Commentary below), they still closed lower over the period.

There were also a handful of other disparate – primarily Chinese – holdings, which saw their share prices decline during the quarter. Fears in the market around the potential for a period of weaker end demand, or broad-based geopolitical concerns, tended to be the primary culprits for these share price moves. Whitegoods, air conditioning, and robotics company, **Midea Group** (-23%), sold off partially in response to concerns around end-market demand, as well as scepticism around some of their expansion and diversification plans. Truck engine manufacturer, **Weichai Power** (-19%), saw its share price marked down in response to a cyclically softening truck market, as well as signs their hydrogen fuel cell efforts may not yield the results more optimistic investors may have been hoping for.

While none of our small Chinese health and medicine-related holdings had a significant individual impact on the portfolio's overall performance, collectively, they were weak during the quarter and detracted from results. These companies' share prices declined due to a global sell-off in the biotech sector and related concerns around funding models for some of these players, as well as lingering concerns around the regulatory environment specific to companies operating in China. Examples of holdings in this bucket included **CStone Pharmaceuticals** (-39%) and **AK Medical** (-29%).

In terms of shorts, the results were mixed. Index shorts on the Hong Kong and Chinese A-share markets were initiated during the quarter to help protect the portfolio during the sell-off and modestly cushioned the portfolio. Our shorts in the optically more expensive Indian market were less productive, however, generating modest losses.

On currencies, we maintained fairly neutral positioning compared to our underlying assets. As such, there was a headwind to Australian dollar (AUD) reported performance resulting from the AUD's strength observed through late February and March coincident with strong commodity prices.

Changes to the Portfolio

With the market volatility during the quarter, we were a little more active in the portfolio than usual. As Chinese assets were sold down in March we rotated money out of some of the better-performing assets in that market, redeploying the capital into areas experiencing more indiscriminate selling, without increasing our overall capital committed to the country.

As a broad generalisation, the well-capitalised Chinese property developers and financial companies held up better than the broader market. This led us to reduce our positions in holdings like **AIA**, **China Resources Land**, **China Overseas Land & Investments** and **China Merchants Bank**, so that we could redeploy some of that money into more prospective opportunities. During the quarter, we also exited our position in sportswear and fashion house **Li Ning**, and reduced our holdings in the industrial strain wave gear manufacturer **Leader Harmonious Drive**, on the basis that their valuations had reached levels that were no longer as attractive.

Disposition of Assets

REGION	31 MAR 2022	31 DEC 2021	31 MAR 2021
China	44%	45%	42%
South Korea	10%	10%	11%
India	10%	11%	5%
Taiwan	6%	6%	6%
Vietnam	6%	6%	3%
Hong Kong	4%	6%	8%
Philippines	2%	2%	1%
Macao	1%	1%	1%
Singapore	1%	1%	2%
Thailand	0%	0%	2%
Cash	14%	12%	19%
Shorts	-6%	-1%	-8%

See note 3, page 44. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	31 MAR 2022	31 DEC 2021	31 MAR 2021
Consumer Discretionary	18%	18%	17%
Information Technology	15%	16%	18%
Financials	13%	14%	13%
Industrials	12%	13%	12%
Real Estate	11%	10%	9%
Communication Services	4%	4%	2%
Consumer Staples	3%	3%	2%
Materials	3%	3%	3%
Health Care	1%	1%	1%
Energy	0%	0%	0%
Other	0%	4%	-5%
TOTAL NET EXPOSURE	80%	87%	73%

See note 4, page 44. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

By contrast, areas of the Chinese market, particularly those which had previously been popular with international investors, such as e-commerce and internet companies, came under intense selling pressure, as mentioned earlier. To take advantage of this, we added to our holdings in companies like **JD.com**, **Tencent** and **Trip.com**. We also continued to add to our small holding in **Longping High-Tech Agriculture** that operates in the Chinese agricultural sector, as its share price pulled back to levels we were initially buying at last year, while the evidence pointing towards the potential for that company to make large market share gains in the coming years has kept coming.

We also continued to introduce new holdings to the Fund throughout the quarter. For example, we initiated a position in a family-run paints and waterproofing business, which has a dominant and growing position in their local market in South East Asia. This is a company with strong brands and unparalleled local distribution, exhibiting great profitability and with a long runway to expand, as they take share within a growing market. The company's shares were marked down prior to our purchase, as investors worried about a lack of visibility around the shorter-term demand environment, presenting us with the opportunity to establish an initial position at what we believe was an attractive price. We also acquired a small position in Chinese grocery delivery company **Dingdong**, whose shares had fallen precipitously in the months prior to our purchase, as the company went from market darling to pariah, despite emerging positive signs around the business' economics. And in the Philippines, we established a new holding in a company that operates in a more prosaic industry, which caught our attention simply because of how cheap it appeared relative to our estimate of earnings and dividends over the next few years.

In India, we trimmed our holdings in vehicle manufacturer **Maruti Suzuki** when the share price ran up during the quarter, simply reflecting our view on the valuation. Having doubled our exposure to India from March to December last year, it is a market we continue to scour for opportunities, but valuations in recent months have made finding well-priced, interesting opportunities more challenging, and as such, we have found ourselves once again reluctantly reducing our exposure.

Commentary

The major market events discussed in recent quarterly reports are starting to feel a touch repetitive. While the details change, China has remained consistently controversial as an investment destination, and has seemingly managed to fall even more out of favour with investors as the months pass. Most recently, China's ambiguous stance with respect to Russia's invasion of Ukraine appears to be making developed countries increasingly uneasy, prompting reassessments around trade and investment relationships. This sentiment spilled over to negatively impact the stock market.

While there are experts better versed in the geopolitics driving these situations than us, our simple observation would be that China's North Star for the past three decades has been economic development and improvement in living standards for the populace. So much so, that these are sometimes viewed as the foundations upon which the government draws its legitimacy. If that remains their primary focus, as a country with deep international trade relationships and a strong export sector, then we believe the market's concerns are likely to prove exaggerated and the current fairly substantial discount that we think is priced into the country's assets should somewhat reverse.

To be clear, we are not being apologists for China's ambiguity on Ukraine, but we would point to India's similarly underwhelming response to Russia's invasion – and the fact that rather than being a lightning rod for international censure, as what happened with China, in India's case this was instead greeted with a flurry of diplomatic missions to try and woo the country over. Meanwhile, the press barely mentions it. Certainly, I would not want to draw particularly strong parallels between the position of these two countries, but the stark difference in treatment and response I believe does highlight a degree of inconsistency, which is reflecting some level of temporary emotional predisposition that Westerners, in particular, currently have towards these two countries – and those emotional leanings can similarly be observed in market prices.

While many events take place across the region in any given quarter that impact markets, there are two others pertinent to China that are worth mentioning.

Firstly, in early March, the US Securities and Exchange Commission (SEC) started listing companies in breach of the 2020 Holding Foreign Companies Accountable Act (HFCAA). Essentially, this is just the latest step in the process of delisting Chinese firms from US exchanges, if the US regulator's demands around oversight of auditing of US-listed

Chinese companies accounts are not met. This event had been well telegraphed and should not have come as a surprise to anyone. However, judging from the market's reaction, some investors clearly were caught unawares. The market's reaction was particularly negative in the subsequent days and led to a speech by China's Vice-Premier Liu He essentially saying that the Chinese government had taken note of the market's concerns and would work to operate in a manner that shows greater consideration and support for stock markets on a number of levels. This speech provided significant short-term reassurance to the market and sparked a short sharp rally, helping to reverse some of the losses. Also, it is perhaps important to clarify at this junction that a number of our US-listed Chinese company holdings are not materially affected by this, as they also have Hong Kong listings which can be used. However, we do have a small exposure (<5% of the Fund) to companies that could be more impacted. For those that could be more affected, generally they have been preparing back-up plans, and by and large, we do not expect our portfolio to be at any great risk from this issue.

The final point with respect to China worth mentioning is their ongoing commitment to zero-COVID policies, which with the Omicron variant is proving increasingly difficult and costly to maintain. Lockdowns are ongoing across multiple cities. We've been through this a number of times now, but it nevertheless still causes some degree of supply chain disruption, both locally and in international supply chains.

Turning to the other countries in the region, during the quarter, it was notable that **India's** current ruling party, the Bharatiya Janata Party (BJP), won the Uttar Pradesh state elections. Many commentators saw this as a strong signal that the party has regained its popularity after rolling back some agricultural reforms, and as such, are expecting they could secure a third federal term featuring a reacceleration of reforms and privatisations in the country.

South Korea also held their presidential elections during the quarter. It was a tight race, with a right-wing candidate winning the position. From a market perspective, he is expected to pass better minority protections for investors in Korean companies, which can be particularly important around takeovers, and these are widely expected to be positive for the majority of shareholders. In terms of broader policy, there is a general perception this candidate should be relatively business friendly, but realistically, one of the more notable features of the new president's approach is his aggressive brand of politics where he is expected to take a more confrontational stance towards North Korea and China, while pursuing closer relationships with the US and Japan.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Taiwan Semiconductor	Taiwan	Info Technology	5.9%
Samsung Electronics Co	South Korea	Info Technology	5.0%
Vietnam Ent Investments	Vietnam	Other	4.5%
InterGlobe Aviation Ltd	India	Industrials	4.1%
Tencent Holdings Ltd	China	Comm Services	3.9%
Ping An Insurance Group	China	Financials	3.7%
ZTO Express Cayman Inc	China	Industrials	3.5%
SK Hynix Inc	South Korea	Info Technology	3.4%
Alibaba Group Holding	China	Cons Discretionary	3.1%
China Resources Land Ltd	China	Real Estate	3.1%

As at 31 March 2022. See note 5, page 44.
Source: Platinum Investment Management Limited.

For further details of the Fund's invested positions, including country and industry breakdowns and currency exposures, updated monthly, please visit https://www.platinum.com.au/our-products/paf.

Of course, many interesting things have been happening within the companies in our portfolio over the past three months as well. However, with the region's markets experiencing such large macro-driven moves, we felt it appropriate to discuss those in more detail this time. Hopefully, next quarter we can spend more time sharing details around some of our portfolio companies, as company and industry analysis continues to be where we spend the majority of our time and effort.

Outlook

While many Asian countries appear to be facing slightly more challenging short-term economic conditions, as inflation and supply chain disruptions bite, commensurately low valuations can be found, and the long-term opportunity for the region remains enticing. As such, we continue to believe the setup for longer-term investors remains attractive, and despite (or perhaps even because of) weaker markets in recent months, are increasingly enthusiastic about the return prospects for the portfolio.

Platinum European Fund

Nik Dvornak
Portfolio Manager

Adrian Cotiga
Portfolio Manager

Performance

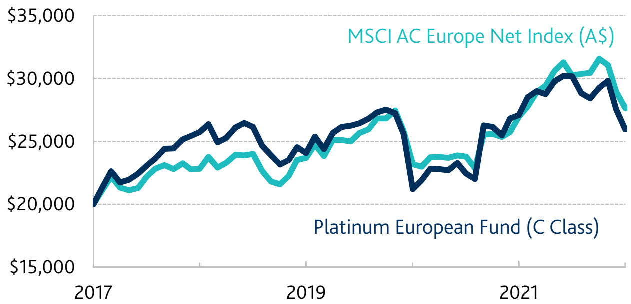
(compound p.a.⁺, to 31 March 2022)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum European Fund*	-11%	-4%	3%	5%	10%
MSCI AC Europe Index^	-12%	3%	5%	7%	3%

⁺ Excludes quarterly returns.
* C Class – standard fee option. Inception date: 30 June 1998.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI All Country Europe Net Index in AUD.
Source: Platinum Investment Management Limited, FactSet Research Systems.
Historical performance is not a reliable indicator of future performance.
See note 1, page 44. Numerical figures have been subject to rounding.

Value of $20,000 Invested Over Five Years

31 March 2017 to 31 March 2022



After fees and costs, before tax, and assuming reinvestment of distributions.
Historical performance is not a reliable indicator of future performance.
Source: Platinum Investment Management Limited, FactSet Research Systems. See notes 1 & 2, page 44.

The Fund (C Class) returned -11.3% for the quarter and -4.2% for the year.[1]

It was a roller-coaster quarter threaded together by two distinct storms. For the first half of the quarter to mid-February, the market was concerned about rising inflation and higher interest rates, which resulted in expensive companies being sold off. In our previous quarterly report, we mentioned that the 'growth compounder' companies trading on lofty valuations, such as Hermès International, represented high-risk propositions, in our view. Indeed, these stocks fell 20-30% early in the quarter, as it became evident that inflation was here to stay and both the European Central Bank (ECB) and the US Federal Reserve (Fed) were likely to tighten monetary policy faster and more aggressively than the market had priced in. As much as we recognised that some of these companies were quality businesses, their unfavourable risk/reward profile led us to a conscious decision to avoid owning them. Indeed, we opportunistically shorted a dozen or so of such excessively valued stocks and the Fund benefited from their recent derating.

The second half of the quarter was dominated by concerns over Russia's invasion of Ukraine, the related sanctions and disruptions to global trade and money movement, and all the potential ramifications of these events. As at the outbreak of the war, the Platinum European Fund did not (and does not at the time of writing) hold positions in any company that is listed or predominantly operates in Russia or Ukraine. However, we were not entirely immune to the broad market sell-off triggered by the Russian invasion. Our holdings in travel companies, banks and other businesses with Central and Eastern European (CEE) exposures suffered the most, such as **Wizz Air** (-31%) and **Raiffeisen Bank International** (-50%). **Allfunds Group** (-40%), the Madrid-headquartered leading fund distribution platform with more than €1.3 trillion in assets under distribution, was another detractor due to its exposure to softer equity and bond markets and a weaker-than-expected quarterly result.

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

Saras (+27%), an Italian-based oil refinery, was a top performer during the quarter, benefiting from significantly higher diesel prices as sanctions against Russia roiled the energy markets. **Bayer** (+32%), the German pharmaceutical and crop science giant, was another strong contributor to performance as the market became more positive on its agriculture business due to rising prices of grains and other soft commodities.

Politically, Putin's aggression towards Ukraine inspired solidarity and resilience among NATO members, particularly across European nations. It will likely bring countries that are not currently part of the European Union (EU) or NATO (such as the Balkan states, but also formerly neutral states like Finland and Sweden) more closely aligned with these organisations. We also expect to see this shift weaken the populist and nationalist movements that have sprung up in countries such as Hungry and Poland in recent years, and hopefully, will bring these countries closer to the democratic and liberal values represented by the EU. Despite the current situation in Ukraine, we remain optimistic about the investment prospects in the CEE region. The favourable structural characteristics that differentiate these countries from most emerging markets in other parts of the world – an educated workforce, low indebtedness and increasingly robust institutions – have not changed as a result of the war.

Disposition of Assets

REGION	31 MAR 2022	31 DEC 2021	31 MAR 2021
United Kingdom	25%	26%	14%
France	9%	7%	9%
Germany	8%	9%	17%
Switzerland	8%	8%	6%
Romania	7%	7%	8%
Ireland	6%	6%	7%
United States	4%	4%	4%
Netherlands	4%	4%	2%
Italy	3%	2%	2%
Spain	3%	3%	10%
Austria	3%	4%	4%
China	3%	4%	4%
Czech Republic	2%	1%	0%
Finland	2%	2%	3%
Norway	1%	2%	6%
Denmark	0%	0%	1%
Cash	10%	12%	4%
Shorts	-16%	-8%	-7%

See note 3, page 44. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Changes to the Portfolio

As European equity markets panicked following the outbreak of the war in Ukraine, we took the opportunity to add to the names we liked, including some of the CEE-exposed companies in the eye of the storm, such as **Erste Bank**, as well as some high-quality but less-impacted companies, such as **SIG Combibloc**, a Swiss-based industrial company specialising in aseptic (sterilised) packaging solutions.

We re-initiated a position in **Infineon Technologies**, the leading German manufacturer of discrete power semiconductor chips. High-voltage power semiconductors is an interesting sector as the transition to electric vehicles (EV) will accelerate demand for these chips over the coming decade (high-voltage power semiconductor content in EVs is greater than 6x that in an internal combustion engine vehicle). Moreover, Infineon also benefits from the proliferation of EV charging stations, renewable generators and battery storage facilities. Power semiconductors are an attractive 'picks and shovels' trade in the decarbonisation gold rush.

At present, the key themes in the portfolio include post-COVID travel recovery (~20%), banks that we expect to benefit from higher interest rates but are also supported by structural tailwinds (~13%, around two-thirds of which are in the CEE), as well as software and digital media (~8%), clean energy (~7%) and healthcare (~7%), all of which represent favourable long-term growth opportunities in our view.

During the last few weeks of the quarter, we increased our index short positions as protection against potential further market downturns in the event of an escalation of the Russian-Ukrainian war, which would raise the odds for a recession in Europe.

Net Sector Exposures

SECTOR	31 MAR 2022	31 DEC 2021	31 MAR 2021
Financials	29%	31%	25%
Industrials	17%	17%	18%
Consumer Discretionary	15%	14%	9%
Communication Services	7%	6%	8%
Health Care	6%	5%	12%
Energy	3%	2%	6%
Real Estate	2%	2%	3%
Materials	2%	3%	5%
Consumer Staples	1%	0%	-1%
Information Technology	0%	1%	4%
Other	-8%	0%	0%
TOTAL NET EXPOSURE	73%	80%	89%

See note 4, page 44. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Outlook

Russia's invasion of Ukraine is the most consequential event in Europe since the fall of the Berlin Wall in 1989. The breadth and severity of the sanctions imposed by Western governments on Russia are far greater than what most people expected, and the level of self-sanctioning by Western companies has been unprecedented. While it will take time to uncover the extent of their impact, we can already anticipate a number of significant ***secular*** changes.

- **Firstly, Europe will need to substantially increase its defence spending.** Germany has already announced a €100 billion fund to equip its army and an ongoing spend of at least 2% of its GDP, which will make Germany the third-largest spender on defence, behind US and China. If all Euro area countries spend 2% of GDP on defence, that would mean an additional budget of €100-120 billion from 2023.[2]
- **Secondly, Europe is facing an urgent need to accelerate the change in its energy supply, away from Russian gas and oil and towards renewable energy sources, liquified natural gas (LNG) from the US,[3] and other sources of natural gas such as Qatar and Africa.** To prevent demand destruction, the vulnerable industrial sectors and households will be subsidised in various forms, such as through tax reductions or fuel rebates, as we have already seen in Sweden, Italy and France. Europe is not alone in having to face higher energy bills; many emerging markets that rely on imported oil and gas will also be significantly impacted. The pain resulting from higher energy prices will be felt throughout the global economy.
- **Thirdly, Europe also needs to focus on reshoring its supply chains back to the EU or neighbouring countries that are part of NATO.** The Russia-Ukraine conflict is an accelerant of this trend which is already in play. Reshoring of production has become a topical issue over the past couple of years as a result of the acute supply chain disruptions experienced during the COVID-19 pandemic, as well as the secular escalation in the geopolitical rivalry between the US and China. It will be important to closely follow any change in the West's trade relationship with China. Many European companies have extensive ties with China in trade and manufacturing, which may now be regarded by investors as carrying a higher risk than they did over the past few decades.

2 Source: Bank of America Global Research.

3 https://ec.europa.eu/commission/presscorner/detail/en/statement_22_2041.

Clearly, Europe is trading off efficiency and low cost for reliability and security of supply chains. This transition will be made at a not insignificant cost: input costs will certainly go up and resource allocation may be less efficient than before, at least initially, all of which will contribute to a reduction in living standards. The role of the EU and the national governments of its member states will increase, both in terms of the allocation of resources as well as the financing of expenditures required to complete the transition. Significant spending on defence and energy infrastructure, coupled with rising inflation, which looks to be more entrenched than previously expected, may provide the ECB with a way out of negative rates.

At the end of the quarter, given the fast-moving situation in Ukraine and the elevated uncertainty in global economies and markets, the Platinum European Fund was positioned cautiously, with a 73% net invested position (10% in cash and 16% in shorts).[4] Despite the immediate challenges facing the region, we are very bullish on the long-term prospects of a re-energised Europe.

4 Numbers have been subject to rounding.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Booking Holdings Inc	US	Cons Discretionary	4.1%
Beazley PLC	UK	Financials	4.0%
Bayer AG	Germany	Health Care	4.0%
Informa PLC	UK	Comm Services	3.8%
Fondul Proprietatea SA	Romania	Financials	3.7%
Banca Transilvania SA	Romania	Financials	3.6%
Airbus SE	France	Industrials	3.6%
SMCP SA	France	Cons Discretionary	3.3%
Saras SpA	Italy	Energy	3.3%
Applus Services SA	Spain	Industrials	3.1%

As at 31 March 2022. See note 5, page 44.
Source: Platinum Investment Management Limited.

For further details of the Fund's invested positions, including country and industry breakdowns and currency exposures, updated monthly, please visit https://www.platinum.com.au/our-products/pef.

Platinum Japan Fund

James Halse
Portfolio Manager

Performance

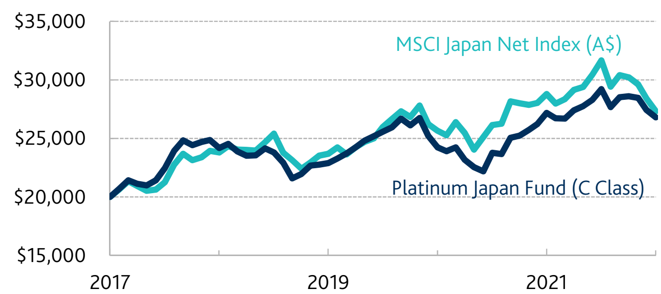
(compound p.a.+, to 31 March 2022)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Japan Fund*	-6%	-1%	5%	6%	13%
MSCI Japan Index^	-10%	-5%	5%	6%	3%

+ Excludes quarterly performance.
* C Class – standard fee option. Inception date: 30 June 1998.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI Japan Net Index in AUD.
Source: Platinum Investment Management Limited, FactSet Research Systems.
Historical performance is not a reliable indicator of future performance. See note 1, page 44. Numerical figures have been subject to rounding.

Value of $20,000 Invested Over Five Years

31 March 2017 to 31 March 2022



After fees and costs, before tax, and assuming reinvestment of distributions. Historical performance is not a reliable indicator of future performance. Source: Platinum Investment Management Limited, FactSet Research Systems. See notes 1 & 2, page 44.

Japanese equity markets continued their decline in the first quarter of 2022, falling -9.6% in Australian dollar (AUD) terms. The pockets of strength in the market were positively exposed to either the upward move in global interest rates (banks, insurers) or commodity prices (trading companies, energy producers/explorers/services, materials). The combination of increasing interest rate differentials with the US and the implications for Japan's trade balance of higher prices for its commodity inputs caused the yen to weaken. From 115 to the US dollar (USD) at the start of the quarter, it touched 125 briefly, before settling back in the 121-122 region. The Fund benefited from the yen weakness as we had shifted our currency exposure into USD last quarter and at the beginning of this quarter, leaving us with around 25% of the Fund exposed to the yen at the time it resumed its downward march. Later during the quarter, we moved some of that exposure to AUD, as inflating resource prices implied more buoyant times for the AUD on a relative basis. Overall for the quarter, the Fund (C Class) returned -6.4% with a positive contribution of 2.6% as a result of currency positioning.[1]

A weaker yen typically supports the Japanese economy and stock prices given its export orientation, however, the rising costs for Japanese companies implied by the current scenario have so far more than offset any gains from the weakening currency. A number of our positions were hurt by the prospect of cost increases and broader supply chain issues, including household fixtures manufacturer **Lixil** (-25% over the quarter), miniature ball-bearings producer **MinebeaMitsumi** (-17%), and sensor provider **Nippon Ceramic** (-13%).

Semiconductor chip shortages continue to have wide-ranging impacts up and down the supply chain. Much like Minebea and Nicera's automotive customers have not been able to produce the vehicles demanded, **Ship Healthcare's** (-27%) medical equipment production and sourcing faced significant disruption, leading the company to downgrade its full-year profit outlook.

1 References to returns and performance contributions (excluding individual stock returns) in this Platinum Japan Fund 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

REGION	31 MAR 2022	31 DEC 2021	31 MAR 2021
Japan	68%	80%	90%
South Korea	7%	7%	8%
Cash	24%	12%	2%
Shorts	-4%	-8%	0%

See note 3, page 44. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	31 MAR 2022	31 DEC 2021	31 MAR 2021
Industrials	19%	25%	19%
Information Technology	17%	20%	26%
Materials	13%	16%	6%
Consumer Discretionary	6%	6%	19%
Consumer Staples	6%	4%	1%
Communication Services	6%	5%	8%
Health Care	2%	3%	13%
Financials	2%	2%	4%
Energy	0%	0%	3%
Real Estate	0%	1%	0%
Other	0%	-2%	0%
TOTAL NET EXPOSURE	72%	80%	98%

See note 4, page 44. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Toyo Seikan Group	Japan	Materials	5.5%
MinebeaMitsumi Co Ltd	Japan	Industrials	5.2%
Asahi Group Holdings	Japan	Consumer Staples	3.6%
SK Hynix Inc	South Korea	Info Technology	3.6%
Toyota Motor Corp	Japan	Cons Discretionary	3.5%
Lixil Group Corp	Japan	Industrials	3.3%
Open House Co Ltd	Japan	Cons Discretionary	3.2%
Hokuetsu Corp	Japan	Materials	3.2%
Tokyo Electron Ltd	Japan	Info Technology	3.2%
DeNA Co Ltd	Japan	Comm Services	3.1%

As at 31 March 2022. See note 5, page 44.
Source: Platinum Investment Management Limited

For further details of the Fund's invested positions, including country and industry breakdowns and currency exposures, updated monthly, please visit https://www.platinum.com.au/our-products/pjf.

The increase in global interest rates led investors to view more highly valued stocks less favourably, leading to declines, which benefited several of our short positions. This helped cushion some of the market's decline, with our shorts contributing 0.6% to the Fund's return for the quarter.

Positive returns from marine shipper **Kawasaki Kisen Kaisha** (K-Line, +19% over the quarter to exit) and game console maker **Nintendo** (+15%) assisted performance. Continued strength in container shipping rates as a result of buoyant global demand benefited our holding in K-line. Nintendo rose as new games sold well and investors warmed to the idea of continued profitability driven by software sales, even as console sales fall. Likewise, we saw gains as elevator maker **Fujitec** (+25%) responded to one of its activist shareholders' criticisms of its medium-term plan by announcing a buyback of 4.5% of the company, cancellation of treasury shares, the allocation of 50% of future operating cash flow to buybacks, and a 2024 Return on Equity target of 12% compared with the current level of around 8%.

This is one in a long line of recent examples where strong activist shareholders have successfully pushed operational and capital reforms. Fujitec's poison pill (a takeover defence measure) expires in June, and it is likely an attractive takeover target amid a consolidating global industry. Excitement in this vein has grown as news spread that Toshiba was considering a sale of its elevator business, which has stimulated investor interest in merger and acquisition activity (M&A) in the sector. We continue to view corporate reform pushed by involved shareholders as a key source of prospective investment returns in Japan.

Changes to the Portfolio

With early signs of weakness appearing in freight markets, we took the opportunity to exit **Kawasaki Kisen Kaisha** after a strong run. From our initial purchase in August 2021 to our last sale at the beginning of March, the stock price doubled. However, our returns were further enhanced as we sold more than half our position after the stock increased dramatically in the first two months of our investment, then topped up our holding after a significant pull-back at the beginning of October. Through our holding period the stock contributed 2.8% to the Fund's overall return.

We closed positions in conglomerates **Showa Denko** and **Kyocera**, as well as chip manufacturer **Renesas Electronics**, as further research revealed some gaps between management and broker analyst descriptions of the businesses and underlying realities of their product portfolios and the markets in which they operate. We also sold the owner of the Tokyo Stock Exchange building **Heiwa Real Estate**, as we became more concerned with the prospect for declining office rents in Tokyo in the face of increased flexible work policies and corporates' desire to cut costs.

Our one new long position for the quarter was a relatively small position in systems integrator **Fuji Soft**. Japan is very under-resourced in terms of information technology staff, and until recently has been slow to adopt new technology, so the services of those companies that can provide these resources to clients are now very much in demand. Fuji Soft is one of the smaller players in this market, but also has one of the lowest valuations. We acquired this position after activist 3D Investment Partners (which owns 9.3% of the company) released a detailed presentation highlighting deficiencies in the company's growth strategy and capital allocation. While the candidates that 3D Investment Partners proposed as directors were not elected at the annual general meeting (AGM), despite the support of both major proxy advisors, Institutional Shareholder Services (ISS) and Glass Lewis, the stock continued to trend upward through to the end of the quarter, suggesting 3D Investment Partners' actions have awakened the market's interest.

We added to our position in Japanese brewer **Asahi** in February prior to the Russian invasion of Ukraine as the business began to benefit from reopening trends. We then added further (at similar levels) during the sell-off after the invasion, as investors sold the stock on fears around its Eastern Europe exposure and spikes in input costs such as aluminium and barley.

Asahi has expanded globally via aggressive M&A, and now has a strong and balanced portfolio of nicely profitable and growing premium beer brands across Europe and in Australia to complement its dominant Japanese business. It benefits from ongoing equalisation of alcohol taxes in Japan that are currently unfavourable to its portfolio mix, and will likely see a boost to its business when Japan returns to a post-pandemic normal. Despite these attributes, it remains the cheapest global brewer, coloured by the negative perception of a home market with declining volumes. We view this opportunity favourably.

Outlook

If no peaceful resolution to the situation in Ukraine is forthcoming, it appears likely that energy and commodity prices will stay higher for longer. In this scenario, coupled with the Japanese central bank's pledge to buy unlimited government bonds to cap 10-year yields at 0.25%, we are likely to see the yen remain weak and perhaps weaken further. While this aids exporters from the perspective of yen-denominated sales and labour costs, it will have ramifications for consumer spending and choices around where to allocate already stretched household budgets.

This could perhaps be the shock needed to break Japan out of its long-term deflation, and lift the taboo on companies raising prices to customers. We can already observe a range of companies lifting prices, from Kao's 10% hike in baby diapers and Bridgestone's 7% increase on passenger tyres, to Yamazaki Baking's 9% average hike across bread products. The latter is particularly interesting as it came prior to the Russian invasion of Ukraine and concomitant further spike in the wheat price. With Japan's producer price index showing percentage year-on-year increases in the high single digits, there may yet be more hikes to come from consumer-facing businesses and exporters.

The solution to the pain this causes to the average Japanese consumer seems to be to improve the productivity and capital efficiency of Japanese businesses. Businesses can then afford to pay their staff more, and thus offset the impact of price increases on living standards. A situation where Japan Inc. delivers solid nominal top-line and profit growth in an environment where the central bank continues to hold rates at extreme low levels could be very positive for stocks. That said, a more realistic scenario is one where certain well-positioned or more forward-thinking companies take the opportunity to raise prices and deliver moderate wage increases, while others flounder.

We will continue to be selective in our investments, preferring companies that are well placed to deal with cost inflation or positions where we and/or others may be effective in attempts to encourage management to behave in a commercial manner. The rising-cost environment may provide management teams with the cover they require to acquiesce to shareholder wishes without attracting the undue public criticism and consequent loss of face such action would usually entail.

Platinum International Brands Fund

James Halse
Portfolio Manager

Performance

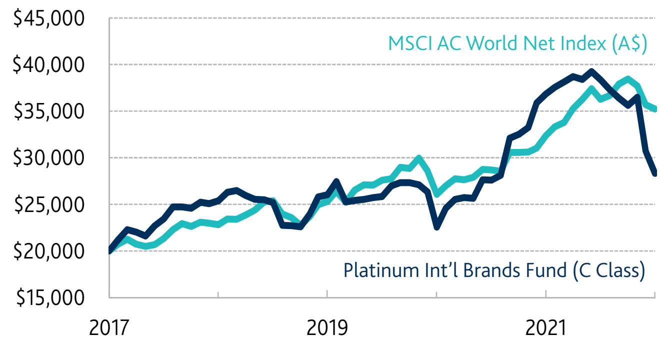
(compound p.a.+, to 31 March 2022)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Brands Fund*	-20%	-23%	3%	7%	11%
MSCI AC World Index^	-8%	9%	12%	12%	4%

+ Excludes quarterly returns.
* C Class – standard fee option. Inception date: 18 May 2000.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI All Country World Net Index in AUD.
Source: Platinum Investment Management Limited, FactSet Research Systems.
Historical performance is not a reliable indicator of future performance.
See note 1, page 44. Numerical figures have been subject to rounding.

Value of $20,000 Invested Over Five Years

31 March 2017 to 31 March 2022



After fees and costs, before tax, and assuming reinvestment of distributions. Historical performance is not a reliable indicator of future performance. Source: Platinum Investment Management Limited, FactSet Research Systems. See notes 1 & 2, page 44.

We experienced a particularly difficult period for performance in the March quarter, with the Fund (C Class) buffeted by multiple negative market currents that resulted in a decline of -20.5%.[1]

While the general market was also weak, Fund performance was particularly affected due to our sector and geographical positioning, which overrode the benefits of our low net market exposure and gains on our short positions (+1.6% contribution).

Rapidly increasing interest rates led market instability earlier in the quarter, but it was the Russian invasion of Ukraine and its consequences that was at the core of the Fund's losses – and not just in relation to our direct Russian exposure. The ramifications of the invasion echoed through global markets, particularly businesses directly exposed to Central and Eastern Europe, and those reliant on commodity inputs or supply chains disrupted by the conflict and the related sanctions and fears of further sanctions.

The Fund held a position of 6.1% in two Russian stocks immediately prior to the Russia-Ukraine invasion. These were in **TCS Group** (3.2%) and **Sberbank Russia** (2.9%). Our assessment was that these would prove attractive investments should an invasion not occur, or should there be a speedy resolution to a conflict with a stern but ultimately manageable Western response. We viewed these two scenarios together as more likely than what has in fact eventuated – a bloody and drawn out conflict with a severe Western response and financial market reaction.

We marked down the value of our holding in London-listed Russian financial super-app TCS Group to zero after the London Stock Exchange (LSE) suspended trading in Russian global depository receipts (GDRs) including TCS, the Moscow Stock Exchange was closed for an extended period, and a Russian presidential order barred foreigners from selling Russian assets. We also suffered a large loss on our position in Sberbank in the quarter, with the stock falling -75% to our exit point. We sold into the brief post-invasion relief rally on 25 February that was triggered by initial sanctions that were less stringent than the market had feared.

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

We sold Sberbank while keeping TCS, as with the tide of Western opinion becoming clear, Sberbank as a state-owned enterprise (SOE), was, we felt, at much greater risk of further sanctions, including potentially forced divestment by Western investors at even lower prices. There was precedent for such action, with the US sanctioning of various state-owned Chinese companies in 2021. Following the discovery of alleged atrocities in Bucha, the US has announced a ban on all new investment in Russia, and the imposition of full blocking sanctions on Sberbank – freezing all of Sberbank's assets in the US financial system, and the prohibition of US persons from doing business with Sberbank. Conversely, TCS remains unsanctioned at this point

Other holdings with operations in Russia and/or Central and Eastern Europe were also disproportionately affected by the invasion. Such stocks included **Raiffeisen Bank International** (-50% over the quarter), Japanese brewer **Asahi Group** (-15% from its February highs) and online fashion retailer **ASOS** (-33% over the quarter). European stocks more generally were hit hard too, as were companies exposed to the dramatic increases in various commodity prices triggered by the war. For example, automaker **BMW** fell -21% from its January highs, jeweller **Pandora** fell -21% during the quarter and Japanese window and bathroom manufacturer **Lixil** dropped -25% on the prospect of increased commodity input costs.

The potential for China to align closely with Russia and itself become subject to aggressive Western sanctions caused a panic on the Hong Kong Stock Exchange, with many major companies registering huge moves downward, before partially recovering in equally as violent a manner. Super-app **Meituan** fell -55% from peak to trough during the quarter, before jumping 32% on 16 March following positive comments from the Vice-Premier around support for the markets and the regulatory environment for the large consumer internet businesses. Likewise, dominant e-commerce platform **Alibaba** fell -46% from peak to trough before rallying 57% from the lows through the end of the quarter, and travel platform **Trip.com** more than halved before rallying to finish the quarter only down -6%. Overall, our China exposure detracted -5.2% from Fund performance in the quarter, but these stocks have continued their rallies after quarter-end.

The Chinese digital platform stocks had already been under pressure as investors soured on consumer tech due to fears around regulatory action, growing competition and rising interest rates. These pressures were reflected more widely across our portfolio, with weak stock performance from food delivery operator **Just Eat Takeaway.com** (-36%), **Meta Platforms**, previously known as Facebook (-34%) and **ASOS** as mentioned above.

The list of stocks generating positive returns was short, but included small cap milk powder maker **Yashili** (+87%) after announcing a potential takeover by its parent company Mengniu at a significant premium. Game console maker **Nintendo** (+15%) rose as new games sold well and investors warmed to the idea of continued profitability driven by software sales, even as console sales fall. Vietnamese retailer **Mobile World Investment** (+7%) pleased investors with improvements in profitability at its fast-growing grocery chain.

Disposition of Assets

REGION	31 MAR 2022	31 DEC 2021	31 MAR 2021
Asia	43%	45%	27%
Europe	21%	23%	29%
Japan	17%	15%	5%
North America	10%	11%	25%
Other	0%	0%	0%
Cash	8%	5%	15%
Shorts	-15%	-21%	-13%

See note 3, page 44. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	31 MAR 2022	31 DEC 2021	31 MAR 2021
Consumer Discretionary	49%	41%	34%
Consumer Staples	11%	12%	3%
Communication Services	11%	12%	19%
Industrials	3%	2%	4%
Financials	3%	7%	17%
Real Estate	1%	1%	1%
Other	0%	0%	-4%
Materials	0%	0%	-1%
Information Technology	-1%	0%	0%
TOTAL NET EXPOSURE	76%	74%	72%

See note 4, page 44. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Changes to the Portfolio

Readers may recall our discussion in the December 2021 quarterly report on the dramatic fall from grace of plant-based dairy-replacement brand-owner **Oatly**. At that time, Oatly had fallen more than 70% from its highs. We began to acquire a small initial position in March this year, by which time it had fallen a further 15%. The decline in the stock has continued but we see the risk/reward of a position as reasonably attractive at this point given the company's long growth runway as the plant-based category continues to expand, and Oat milk takes share from Almond and Soy due to its more favourable environmental characteristics, better taste, and frankly – Oatly's great marketing.

We also initiated a small position in European low-cost gym chain **Basic-Fit**, leveraging our knowledge of the space from our investment in Planet Fitness in the US. Basic-Fit is the dominant chain in a number of Western European markets, and just announced a further expansion into Germany where it will face an incumbent competitor that appears distracted by other ventures. As earnings likely recover from pandemic effects, and the gym rollout continues, we believe the market may reappraise the stock further.

We exited our holding in UK grocer **Tesco** (+26% from our first purchase in July 2021 to February 2022 exit point), as the stock had performed relatively well in a weak market and we saw better opportunities elsewhere. For similar reasons we substantially trimmed our holdings in Google owner **Alphabet** (+157% from our first entry point in May 2018), group fitness concept **F45** at prices between US$11.80 and US$14.81 (now US$10.70), and Chinese dairy company **China Mengniu** in the high HK$40s (now HK$43).

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Meta Platforms Inc	US	Comm Services	4.7%
Trip.com Group Ltd	China	Cons Discretionary	4.5%
Nien Made Enterprise Co	Taiwan	Cons Discretionary	4.3%
Alibaba Group Holding	China	Cons Discretionary	4.2%
Meituan Dianping	China	Cons Discretionary	4.2%
Tencent Holdings Ltd	China	Comm Services	3.7%
ASOS PLC	UK	Cons Discretionary	3.7%
Prosus NV	China	Cons Discretionary	3.5%
Fu Shou Yuan Intl	China	Cons Discretionary	3.5%
Asahi Group Holdings	Japan	Consumer Staples	3.5%

As at 31 March 2022. See note 5, page 44.
Source: Platinum Investment Management Limited.

For further details of the Fund's invested positions, including country and industry breakdowns and currency exposures, updated monthly, please visit https://www.platinum.com.au/our-products/pibf.

Outlook

With the war in Ukraine continuing and Omicron outbreaks spiking again, there is no shortage of issues for investors to contend with when surveying the investment road ahead. Volatility in interest rates and commodities appears likely to continue, while a portion of the human suffering evident in Ukraine may spill over into the Middle East and North Africa, where the populace, which is very reliant on Ukrainian and Russian wheat exports, is experiencing a dramatic spike in the cost of bread in an echo of the period leading up to the "Arab Spring".

Markets appear to be shrugging off these issues, with stocks rebounding from lows, and well-loved 'high-quality' consumer companies marching back toward their previous lofty valuation levels. We have assembled a portfolio of businesses with attractive growth profiles and reasonable valuations, many of which are suffering from temporary headwinds that should dissipate as we fully reopen from the pandemic. The underlying earnings growth of our portfolio should support stock prices as we move forward given the attractive valuation levels.

Platinum International Health Care Fund

Dr Bianca Ogden
Portfolio Manager

Performance

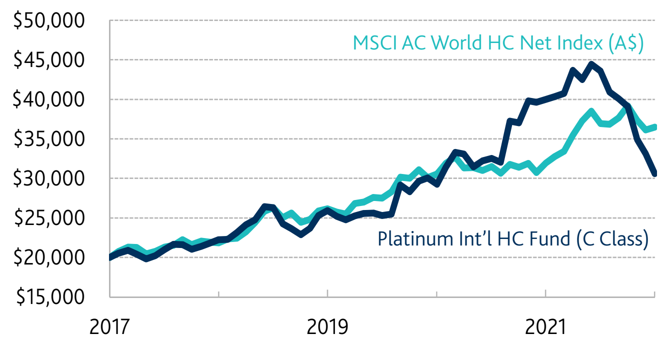
(compound p.a.+, to 31 March 2022)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l HC Fund*	-22%	-24%	6%	9%	9%
MSCI AC World HC Index^	-7%	14%	12%	13%	10%

+ Excludes quarterly returns.
* C Class – standard fee option. Inception date: 10 November 2003.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI All Country World Health Care Net Index in AUD. Source: Platinum Investment Management Limited, FactSet Research Systems.
Historical performance is not a reliable indicator of future performance. See note 1, page 44. Numerical figures have been subject to rounding.

Value of $20,000 Invested Over Five Years

31 March 2017 to 31 March 2022



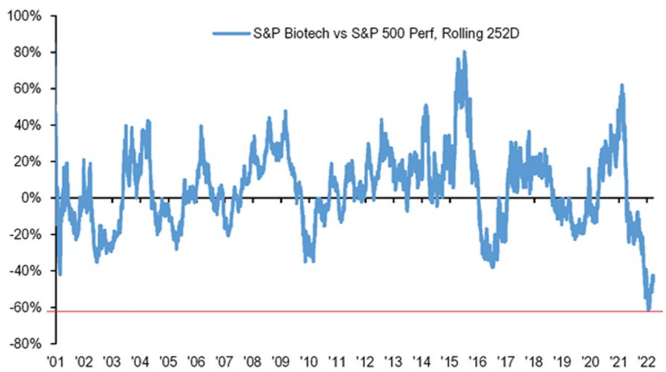
After fees and costs, before tax, and assuming reinvestment of distributions. Historical performance is not a reliable indicator of future performance. Source: Platinum Investment Management Limited, FactSet Research Systems. See notes 1 & 2, page 44.

The Fund (C Class) returned -21.7% for the quarter and -23.5% for the year.[1]

The indiscriminate sell-off in biotech stocks accelerated in the March quarter, which had a significant effect on the Fund's performance. In contrast, pharma companies held up well, providing a positive contribution to the Fund's performance.

The SPDR S&P Biotech ETF (XBI) fell -20% over the quarter.[2] The spread between biotechs and the S&P 500 Index now resembles that of the post-genomics bubble in 2001, with the biotech sector lagging the performance of the broader market by around 60% over the past 12 months (see Fig. 1).

Fig. 1: Biotech Back to 2001 Post-Genomics Bubble Level



Source: JP Morgan.

Following a difficult year, many biotech companies are now valued below the cash held on their balance sheets and pipelines are being reprioritised in order to extend cash runways. Large companies with very strong balance sheets remain on the side-lines when it comes to making outright acquisitions, opting for partnerships instead. Given some of the very depressed valuations, it is not surprising that acquisition targets are equally reluctant to sell their businesses and surrender long-term value. New listings have come to a virtual standstill, while we are starting to see private market valuations at least stagnate from the incredible levels reached in 2021.

1 References to returns and performance contributions (excluding individual stock returns) in this Platinum International Health Care Fund 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.

2 The XBI tracks an equal-weighted index of US biotechnology stocks.

The majority of large life science tool companies remain at elevated valuations, while supply chain issues and inflation have added pressure to medical device companies. The escalation in geopolitical tensions has added to the risk-averse sentiment and served to increase investors' focus on energy and commodities.

Key detractors from the Fund's performance were largely in the biotech space. Our Chinese biotech holdings, notably **Genetron** (-64%), **Zai Lab** (-30%) and **Hutchmed China** (-47%), had a dismal quarter, largely reflecting concerns that the US Securities and Exchange Commission (SEC) is looking to delist Chinese companies from US stock exchanges. Our next-generation pharmatech companies also had a tough quarter. Key detractors were **ExScientia** (-27%) and **Recursion Pharmaceuticals** (-58%), with the latter further impacted after announcing the delay of one if its pipeline assets. **Telix Pharmaceuticals** (-46%) had very disappointing performance during the quarter. The company announced a capital raising, sparking a sharp sell-off. The approval of a competing product added further headwinds for the stock. While we didn't participate in the capital raising for valuation reasons, we remain supporters of the company's prospects.

On the positive side, key contributors to performance included our pharma holdings **Bayer** (+32%), **Takeda Pharmaceutical** (+12%) and **Neuren Pharmaceuticals** (+6%). **Albireo Pharma** (+28%) was the exception in the biotech sector, rising on increased sales guidance.

Changes to the Portfolio

We have reduced our exposure to Chinese biotechs, as the reimbursement environment in China is difficult to predict and also due to the regulatory uncertainty mentioned above. We are gradually adding to several of our holdings, particularly in the emerging tool space. We have also added to European biotechs **UCB** and **Galapagos**. UCB has made a number of smart acquisitions, which together with new internally developed products, will enable the company to refresh its product offering. Galapagos is one of the best-financed biotech companies globally, with about €4.7 billion in cash on their balance sheet. The company has had various setbacks but fundamentally has highly skilled and experienced scientists. Most importantly, from 1 April 2022, Dr Paul Stoffels will be taking the helm as the new CEO. He has been a key figure at Johnson & Johnson Pharmaceuticals, shaping it into what it is today. He has known Galapagos since its formation in 2002 via a joint venture between Crucell (now a Johnson & Johnson company and a previous investment in the Fund) and Tibotec (now also a Johnson & Johnson company). Stoffels was a co-founder of Tibotec and has deep knowledge of biotechs, a skillset that will allow him to deploy Galapagos' cash wisely for external opportunities.

Disposition of Assets

REGION	31 MAR 2022	31 DEC 2021	31 MAR 2021
North America	39%	43%	34%
Europe	27%	23%	24%
Australia	13%	12%	9%
Japan	5%	4%	5%
Asia	3%	8%	10%
Other	1%	1%	1%
Cash	12%	10%	17%
Shorts	-3%	-4%	-3%

See note 3, page 44. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	31 MAR 2022	31 DEC 2021	31 MAR 2021
Biotechnology	48%	54%	49%
Pharmaceuticals	27%	24%	23%
Life Sciences Tools & Services	8%	7%	5%
Other	3%	2%	2%
TOTAL NET EXPOSURE	86%	86%	81%

See note 4, page 44. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
SpeeDx Pty Ltd	Australia	Biotechnology	6.2%
Takeda Pharmaceutical	Japan	Pharmaceuticals	4.9%
Bayer AG	Germany	Pharmaceuticals	4.2%
Sanofi SA	France	Pharmaceuticals	3.6%
UCB SA	Belgium	Pharmaceuticals	3.2%
ExScientia Ltd	UK	Biotechnology	2.3%
Albireo Pharma Inc	US	Biotechnology	2.2%
Telix Pharmaceuticals Ltd	Australia	Biotechnology	2.2%
Syneos Health Inc	US	Life Sciences Tools	2.1%
Quanterix Corp	US	Life Sciences Tools	2.0%

As at 31 March 2022. See note 5, page 44.
Source: Platinum Investment Management Limited.

For further details of the Fund's invested positions, including country and industry breakdowns and currency exposures, updated monthly, please visit https://www.platinum.com.au/our-products/pihcf.

Commentary

Twenty years ago, a steep sell-off ended the hype around genomics and biotechs. Reading the shareholder letters from Genentech from that time highlights how young the industry was back then. Antibody therapies were in their infancy and the setback of Avastin as a treatment for breast cancer left many unconvinced that antibodies would be a credible new therapeutic modality. Realisation that simply having a map of the genome would not miraculously produce new therapies also dampened the investor party. The market sell-off put pressure on companies to be more efficient and focused with their money, however, it did not deter their innovative spirit in the slightest. In the end, Avastin was successful in treating other cancer indications (reaching peak sales in 2019 of CHF 7.1 billion) and Genentech went on to become a very profitable cancer biotech that was ultimately acquired by Roche. Today, antibody therapies are a therapeutic modality we cannot live without, fuelling a contract manufacturing industry along the way. In the tools space, next-generation technology has propelled gene sequencing to ever-new heights and is fuelling the next phase of molecular analysis, namely single-cell analysis and spatial genomics.

Significant funding rounds tend to go hand-in-hand with stretched valuations in this industry. History shows that the 'digesting' phase, which follows such funding and market exuberance, is the time when medical advances occur that will only be fully comprehended in years to come. Cell and gene therapy is in such a digestion phase currently. Cell therapies are based on using cells, either from the patient, donor, or derived from stem cells (also from donor). Often the cells are modified for a specific purpose. In contrast, pure gene therapy is about transporting a gene using a delivery vector such as a virus or lipid nanoparticles. Cell and gene therapy is a whole different field to small molecules and antibodies, it requires new manufacturing capacity and is far more complex. To assess how cell and gene therapies interact with a person requires different analytical assays. Often, clinical data will be in a small patient set and the upfront investment required is significant.

For the past year, valuations of many cell and gene therapy companies have declined significantly and we have remained mostly on the side-lines. Our main investments in cell and gene therapy are in Bayer, Takeda, Gilead Sciences, Immatics, Sangamo and Bit.Bio, while our investments in Bio Rad, 908 Devices, Alpha Teknova and Merck KgaA provide tools to cell and gene therapy companies. Bayer and Takeda are particularly interesting, as neither receives a lot of credit for their cell and gene therapy efforts. Bayer, via its venture arm LEAPS by Bayer, founded BlueRock Therapeutics in 2016 alongside Versant Ventures. BlueRock engineers stem cells for neurology, cardiology and immunology. In 2019, Bayer acquired BlueRock in full, and in 2020, it also acquired Asklepios BioPharmaceutical. AskBio is a gene therapy biotech that focuses on viral delivery using Adenoviral vectors (engineered viruses). The engineered virus shuttles the gene of interest into the target cell, the challenge lies in developing viruses with the correct tissue selectivity, which is something that AskBio has been focusing on. In addition, the company also offers contract manufacturing services. This gives Bayer a good foundation for these emerging therapeutic modalities.

Takeda's recent partnering and acquisition activities have also focused on cell and gene therapy for different disease indication, ranging from oncology to rare diseases. In addition, the company is investing in manufacturing capacity for these types of therapies and is working with biotechs on non-viral delivery technologies for gene therapy.

The field is in its infancy, but we are seeing gradual progress similar to what we saw 20 years ago in the antibody space. Given the acquisition activity and progress made to date by Bayer and Takeda, we expect both companies to play an important role in cell and gene therapy in the future.

Outlook

Investing in biotechs is not for the weak-hearted. It is an easy ride when everyone is on board and in the mood to simply follow a theme, but the sentiment changes quickly when there is a string of negative clinical trial announcements, coupled with geopolitical instability, not to mention the fact that the previous years have been a biotech boom. However, that is often exactly the time to invest. The fundamentals of this sector have not changed in our view, biotech is crucial to the development of new therapeutics and enhancing our quality of life. Last year, 33 out of 50 new drug approvals in the US originated at a biotech company.[3]

Today, many investors are expecting gloomy times ahead for biotech companies, as financing is harder to come by. This, however, will also bring discipline back into the sector, weeding out companies with weaker projects. We will see consolidation in the biotech sector but that alone will not change long-term sentiment, the crucial factor will be product approvals and sales growth with earnings acceleration to follow. We launched the Platinum International Health Care Fund in 2003, when biotech was out of favour and in the doldrums. Today is no different in our view, and presents a good opportunity to make great investments valued way too cheaply and increase our exposure to this exciting and innovative sector.

3 Source: https://www.fda.gov/drugs/new-drugs-fda-cders-new-molecular-entities-and-new-therapeutic-biological-products/novel-drug-approvals-2021

Platinum International Technology Fund

Alex Barbi
Portfolio Manager

Performance

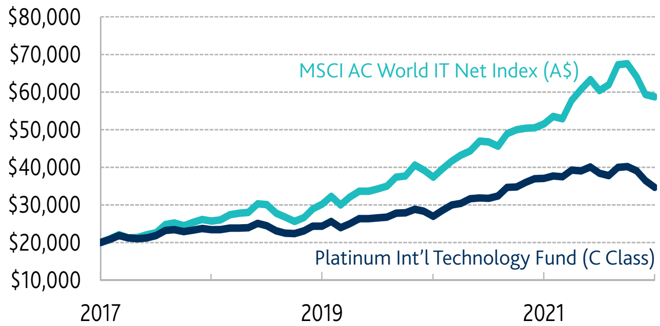
(compound p.a.+, to 31 March 2022)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Tech Fund*	-14%	-6%	13%	12%	10%
MSCI AC World IT Index^	-13%	14%	25%	24%	4%

+ Excludes quarterly returns.
* C Class – standard fee option. Inception date: 18 May 2000.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI All Country World IT Net Index in AUD. Source: Platinum Investment Management Limited, FactSet Research Systems.
Historical performance is not a reliable indicator of future performance. See note 1, page 44. Numerical figures have been subject to rounding.

Value of $20,000 Invested Over Five Years

31 March 2017 to 31 March 2022



After fees and costs, before tax, and assuming reinvestment of distributions. Historical performance is not a reliable indicator of future performance. Source: Platinum Investment Management Limited, FactSet Research Systems. See notes 1 & 2, page 44.

The Fund (C Class) returned -13.7% for the quarter and -6.3% for the year.[1]

After a stellar performance in 2021, technology stocks started 2022 on a more sombre note. The Nasdaq-100 Technology Sector Index returned -13% for the quarter, with weakness spread across all sub-sectors of the technology space. The more cyclical PHLX Semiconductor Sector Index was also down -13% for the quarter, as investors started worrying about a potential slowdown in economic growth.

Software stocks suffered as well, as investors realised the risks of owning extremely highly valued names just as the US Federal Reserve (Fed) started tightening monetary policy to fight rampant inflation. The S&P North America Technology Software Index returned -14% for the quarter.[2] High-growth but unprofitable technology companies were down again during the quarter, with the Morgan Stanley Unprofitable Tech basket down -24%[3] and the ARK Innovation ETF down -30%.

The Fund was not immune from the turmoil. Investor sentiment turned negative during the first week of January, once it became clear the Fed would move more decisively towards raising interest rates from current ultra-low levels. This accelerated investors' switch away from growth into value stocks.

In late February, Russia's invasion of Ukraine and the subsequent spike in the oil price became the catalyst for a sell-off in European stocks and the more-cyclical companies, as fears emerged of a potential global economic slowdown. In mid-March, most markets finally found a temporary bottom and bounced, as investors' fears about China potentially providing direct military support to Russia were played down by the Chinese authorities. Chinese Vice-Premier Liu He, President Xi Jinping's top economic adviser, also played a part when he reassured jittery investors by promising support for real estate and technology companies after the recent regulatory crackdowns.

1 References to fund returns and performance contributions (excluding individual stock returns) in this Platinum International Technology Fund report are in AUD terms. Individual stock and index returns (excluding the MSCI AC World IT Index) are quoted in local currency terms and sourced from FactSet Research Systems, unless otherwise specified.

2 Source: Bloomberg.

3 Source: Bloomberg.

In contrast to the above, the so-called 'tech mega-caps' (mega capitalisation companies) were fairly resilient, with the likes of Amazon and Apple only marginally down, while Microsoft and Alphabet declined by -8% and -4% respectively for the quarter. This resilience can be partly explained by a 'flight-to-safety' from investors during uncertain times.

Among our holdings, there were a few winners in areas that were more isolated from the global turmoil. In Europe, defensive telecom operator **Vodafone** was up 12%, supported by a bid for its Italian subsidiary from French rival Iliad. In Japan, gaming platform franchise **Nintendo** was up 15%, as it reported strong revenues and operating profit growth driven by software sales.

Several small short positions in highly valued and/or unprofitable technology stocks also contributed positively to the Fund's performance.

On the negative side of the ledger **Meta Platforms** (-34%, formerly known as Facebook) detracted from the Fund's performance as investors reacted negatively to its latest quarterly results. Moderate revenue growth forecast for the current year was below investors' expectations, while the company has aggressively stepped up its expenses in its new Facebook Reality Labs (Metaverse).

As people have diverted their attention to new large social platforms based on short video interactions (e.g. TikTok), Meta has shifted engagement towards similar formats by launching new products. Already very successful on Instagram, Reels has now been extended to the core Facebook App. Reels are fun and inspiring short videos consisting of music, audio, augmented reality (AR) effects, text overlays and more, that users can now create on the Facebook app. They can be shared with friends and fans in their core News Feed and to new audiences in a dedicated Reels section on Facebook and they should help to increase users' engagement.

Format transitions, however, tend to impact negatively on monetisation in the short term, as ads published in the new format initially do not earn the same amount of dollars per view/click/contact, while advertisers need to familiarise themselves with it. Facebook previously had to navigate through similar transitions (from desktop to mobile News Feed, from text to photos, and more recently from News Feed to Stories, another successful format). The company thinks they can successfully make the transition again and pointed out that Reels is now the biggest driver of engagement growth in Instagram.

The other headwind faced by Meta is the change to Apple's privacy and data collection policy that requires apps to ask permission to track users' data. This has reduced Meta's ability to effectively target advertising audiences and measure the efficacy of its campaigns. Interestingly, this did not impact Google in the same way, as Apple's policy did not apply to search through a browser. Meta estimates that the impact on revenue is US$10 billion on an annualised basis (around 7-8%), in line with our forecast. The company is working on solutions to adapt the platform to the new reality, and while it will take a while to improve, we are confident that the strength of the core business remains on solid ground. Meta remains attractive at the current valuation of 11.1x historic Price-to-Cash Flow.

Chinese internet names also detracted from performance, with e-commerce giant **Alibaba Group** (-6%), **Tencent** (-16%) and **JD.com** (-17%) suffering from negative news flow on regulatory pressures, compounded by fears of China's economic slowdown and renewed COVID-19 lockdowns. It was only in the middle of March, as mentioned above, that the government felt compelled to declare its support for the local economic powerhouses and even invited regulators to be more "market friendly". Perhaps they are realising that excessive zeal on the "common prosperity" mantra may eventually kill the golden goose, and the economy with it. We remain vigilant on the evolving Chinese regulatory landscape but believe that at current valuations, most of these regulatory adjustments have already been discounted into these companies' business models.

Changes to the Portfolio

The sharp market correction also gave us the opportunity to add to some of our positions at more attractive prices in semiconductors (**Microchip Technology** and **Rohm**), memory chips (**SK Hynix** and **Western Digital**) and payments (**PayPal**). We also re-established a position in **Booking Holdings**, the global leading platform in online travel, as the world hopefully learns to "live with COVID-19" and people start travelling again.

Finally, we exited our long-held position in **Apple**, as the current valuation does not leave much upside in our opinion. We also sold out of **Xilinx** (taken over by AMD) and **IHS Markit** (merged with S&P global).

At the end of the quarter, the Fund held a net invested position of 78%, with 15% in cash and 7% in shorts.

Disposition of Assets

REGION	31 MAR 2022	31 DEC 2021	31 MAR 2021
North America	43%	46%	47%
Asia	25%	24%	19%
Europe	11%	9%	8%
Japan	6%	5%	2%
Cash	15%	15%	24%
Shorts	-7%	-3%	-3%

See note 3, page 44. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	31 MAR 2022	31 DEC 2021	31 MAR 2021
Information Technology	51%	52%	46%
Communication Services	17%	19%	20%
Consumer Discretionary	9%	7%	4%
Industrials	4%	5%	3%
Financials	1%	0%	0%
Other	-3%	-1%	0%
TOTAL NET EXPOSURE	78%	81%	73%

See note 4, page 44. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Alphabet Inc	US	Comm Services	5.5%
SK Hynix Inc	South Korea	Info Technology	4.4%
Ciena Corp	US	Info Technology	4.2%
Microchip Technology Inc	US	Info Technology	4.2%
Taiwan Semiconductor	Taiwan	Info Technology	3.8%
Samsung Electronics Co	South Korea	Info Technology	3.6%
Constellation Software	Canada	Info Technology	3.6%
Micron Technology Inc	US	Info Technology	3.4%
Meta Platforms Inc	US	Comm Services	3.3%
Ericsson LM-B	Sweden	Info Technology	3.0%

As at 31 March 2022. See note 5, page 44.
Source: Platinum Investment Management Limited.

For further details of the Fund's invested positions, including country and industry breakdowns and currency exposures, updated monthly, please visit https://www.platinum.com.au/our-products/pitf.

Outlook

The conflict in Ukraine has added fuel to the rising inflation fire, creating more disruption through the oil, agriculture and industrial supply chains. While we hope that Russia and Ukraine will soon reach an armistice or make peace in the affected areas, we need to realistically prepare for an extended period of sustained inflation as the geopolitical landscape is unlikely to quickly return to what it was before the conflict and COVID-19. The recent events are a spanner in the wheels of the complex global supply chain, and they add to pre-existing frictions created by the trade war between the US and China.

The world is clearly moving away from the last few decades of globalisation, in a reversal of the trend accelerated with the entry of China into the World Trade Organization (WTO) in 2001. This will have implications for how companies invest, co-operate internationally and develop new markets. The future is more likely to see some strategic sectors like energy, defence and technology being 'on-shored' within the relative safety of domestic borders rather than 'off-shored' to distant and often unstable countries.

Despite inevitable disruptions, areas like semiconductor manufacturing, renewable energies, electric vehicles, and data centres, are some of the most interesting themes to monitor for future growth opportunities. We believe the Fund is well positioned for these exciting new trends.

Glossary

Dividend yield

A ratio that indicates how much a company pays out in dividends each year relative to its share price.

Earnings yield

A company's earnings per share over a 12-month period divided by its share price and expressed as a percentage, the earnings yield is the reciprocal of the price-to-earnings (P/E) ratio and is a measure of the rate of return on an equity investment.

Earnings before interest and tax (EBIT)

A measure of a company's profitability, EBIT is all profits before deducting interest payments and income tax expenses. It is calculated as revenue minus cost of goods sold and operating expenses.

Price-to-book ratio (P/B)

The ratio of a company's current share price to its book value (total assets minus intangible assets and liabilities). It is an indicator of the value of a company by comparing its share price to the amount of the company's assets that each share is entitled to.

Price-to-earnings ratio (P/E)

The ratio of a company's current share price to its per-share earnings, P/E is used as an indicator of the value of a company by comparing its share price to the amount of per-share earnings the company generates. A high P/E ratio suggests that the company's share price is expensive relative to the company's profits, which usually implies that investors are expecting the company's future profits to grow quickly.

Return on equity (RoE)

RoE is a measure of a company's profitability and the efficiency with which it generates earnings from every unit of the funds that shareholders have invested in it. It is calculated as profit (or net income after taxes) divided by shareholders' equity.

Purchasing Managers' Index (PMI)

An indicator of the economic health of the manufacturing sector. It is derived from monthly surveys of purchasing executives at private sector companies and is based on five major indicators: new orders, inventory levels, production, supplier deliveries and employment environment. A reading of greater than 50 indicates expansion of the manufacturing sector when compared to the previous month, while a reading of under 50 represents a contraction.

Quantitative easing (QE)

A monetary policy used by central banks to increase the supply of money by buying government bonds (and, to a lesser extent, other assets such as corporate bonds and shares) from the market. The intended outcome is to lower the yield on those assets, increase the total money supply in the financial system, and encourage more lending by banks and thus greater economic activity. Central banks use QE to stimulate the economy when interest rates are already at or close to zero.

Shorting

Short-selling or "shorting" is a transaction aimed at generating a profit from a fall in the price of a particular security, index, commodity or other asset. To enter into a short sale, an investor sells securities that are borrowed from another. To close the position, the investor needs to buy back the same number of the same securities and return them to the lender. If the price of the securities has fallen at the time of the repurchase, the investor has made a profit. Conversely, if the price of the securities has risen at the time of the repurchase, the investor has incurred a loss.

Yield

Yield refers to the income generated from an investment (such as interest from cash deposits, dividends from a shareholding, or rent from property), usually expressed as an annual percentage rate based on the cost of the investment (known as cost yield) or its market price (known as current yield). For bonds, the yield is the same as the coupon rate (assuming the bond is purchased at par or is trading at par). Any increase or decrease of the yield relative to the coupon rate is approximately inversely proportional to any change in the bond price (yields fall as prices rise, and vice-versa).

Yield curve

A yield curve plots the interest rates (or yields) of comparable debt instruments with different maturities. Starting on the left with the yields of shorter-term instruments, the curve typically slopes upwards to the right, reflecting investors' desire to be compensated for the uncertainty associated with locking their money away for longer periods of time. An inverted yield curve occurs when longer-term debt instruments have a lower yield than shorter-term debt instruments, reflecting expectations of weaker economic conditions – and hence lower interest rates – in the future.

The Journal

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 Quarterly Reports in **audio podcasts** or watch brief market updates in **video** format.

Recent highlights include:

- **2022 Investor Presentation: Beware the Crowd – Why Having a Differentiated Approach is Critical to Investing.**[1] A video of Platinum's recent 2022 investor and adviser presentation is now available for viewing. CEO and co-CIO Andrew Clifford and portfolio manager Nik Dvornak provide a market update and explain why a focus on capital preservation and a differentiated approach are important in volatile markets. Investment specialist Jan van der Schalk also outlines how we continue to approach ESG and how ESG and investment returns are long-term bedfellows.
- **Article – Market Update – 8 March 2022.**[2] Global equity markets have weakened sharply as they digested the Russia/Ukraine conflict. While Russian equities have been effectively decimated, it's important to maintain perspective in the context of the level of overall risk when investing globally, as Douglas Isles explains.
- **Video – Readying for a Market Leadership Change.**[3] Every bubble has two main ingredients: a great idea and easy money. With inflation now at 30-year highs and rates rising, the bubble is unravelling and market leadership is changing. Co-CIO Clay Smolinski talks with investment specialist Dean McLelland on who will be next decade's winners.
- **Video – Entrepreneurial Spirit Thriving in Asia.**[4] Drawing on his extensive experience in analysing and investing in evolving businesses in the tech sector, co-portfolio manager for our Asia ex-Japan strategy, Cameron Robertson is finding plenty of "not-so-familiar" investment opportunities, with Chinese online grocery retailer Dingdong, a great example.
- **Article – Update on the Russia/Ukraine Situation.**[5] Portfolio manager, Adrian Cotiga provides an update on the Russia/Ukraine situation and the impact on the Central and Eastern European region and Platinum portfolios.
- **Video – Update on the Platinum Health Care Fund.**[6] After a stunning performance in 2020, the biotech sector suffered a disappointing setback in 2021. Portfolio manager Dr Bianca Ogden talks about the challenges the sector is facing and why she believes recent share price weakness is the buying "opportunity of the decade".
- **Article – The Beautiful Game.**[7] Our co-founder, Kerr Neilson provides his thoughts on the current market dynamics. A thoughtful and insightful read, as always.
- **Video – Reform Creates Compelling Opportunities in Japan.**[8] Increasing compliance with Japan's Corporate Governance Code is driving significant reform in corporate Japan. Simple changes in capital allocation policies can deliver outstanding results, as portfolio manager Jamie Halse explains.

1 https://www.platinum.com.au/Insights-Tools/The-Journal/2022-Investor-Presentation
2 https://www.platinum.com.au/Insights-Tools/The-Journal/Market-Update-8-March-2022
3 https://www.platinum.com.au/Insights-Tools/The-Journal/Video-Readying-for-a-Market-Leadership-Change
4 https://www.platinum.com.au/Insights-Tools/The-Journal/Video-Entrepreneurial-Spirit-Thriving-in-Asia
5 https://www.platinum.com.au/Insights-Tools/The-Journal/Update-on-the-Russia-Ukraine-Situation
6 https://www.platinum.com.au/Insights-Tools/The-Journal/Video-Update-on-the-Platinum-Healthcare-Fund
7 https://www.platinum.com.au/Insights-Tools/The-Journal/The-Beautiful-Game
8 https://www.platinum.com.au/Insights-Tools/The-Journal/Video-Reform-Creates-Compelling-Opportunities

30 June Distributions

From early May, estimates for the forthcoming 30 June distributions by the Platinum Trust Funds will be made available online (and updated weekly) at: www.platinum.com.au/About-Platinum/Company-News

As a reminder, we also have a 'fixed cash distribution' option for the annual 30 June distribution. This is offered alongside the existing option of reinvesting your distribution in additional units or receiving cash. The concept allows investors to select a fixed 4% cash distribution with the purpose of providing investors with a more certain cash flow outcome. More information on this option is available at: www.platinum.com.au/fixedcashdistribution*

**If the distribution amount is less than 4%, units will be redeemed to make up the shortfall. If the distribution amount is greater than 4%, the excess distribution amount will be reinvested in additional units.*

We Would Love Your Feedback (1 minute)

As an investor in the Platinum Trust Funds and/or recipient of our quarterly report, we would welcome your feedback on the Platinum Trust Funds quarterly report.

Our goal is to deliver timely, interesting and relevant fund commentary and articles to our investors. We are keen to hear if we are achieving that goal as well as any suggestions and ideas that you may have for future content.

If you could please complete the brief online questionnaire (takes 1 minute) and "submit" via the button at the end of the survey on our website that would be most appreciated.

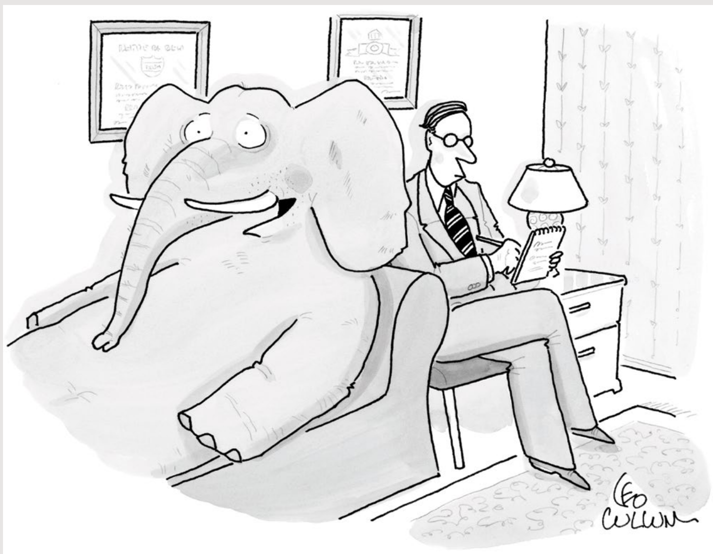
The survey can be found at: www.platinum.com.au/survey2022

Some Light Relief

" We're counting on *inflation.* "

"OF COURSE I'M DEPRESSED. JUST ONCE I'D LIKE TO BE ASSOCIATED WITH AN UP STOCK MARKET."

"Social media stocks have taken such a beating I'm seeing a lot of avatars on ledges."



"I'm right there in the room, and no one even acknowledges me."

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).

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. Fund returns are calculated by Platinum using the net asset value unit price (i.e. excluding the buy/sell spread) of the stated unit class of the Fund and represent the combined income and capital returns over the specified period. Fund returns are net of fees and costs, pre-tax, and assume the reinvestment of distributions. The MSCI index returns are in AUD, are inclusive of net official dividends, but do not reflect fees or expenses. Where applicable, the gross MSCI index was used prior to 31/12/98. MSCI index returns are sourced from FactSet Research Systems. Platinum does not invest by reference to the weightings of the specified MSCI index. As a result, the Fund's holdings may vary considerably to the make-up of the specified MSCI index. MSCI index returns are provided as a reference only. 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 the Fund's underlying assets and other risk factors associated with investing, investment returns can be negative, particularly in the short term.
2. The investment returns depicted in the graph are cumulative on A$20,000 invested in C Class (standard fee option) of the Fund over the specified period relative to the specified MSCI index in AUD.
3. The geographic disposition of assets (i.e. other than "cash" and "shorts") shows the Fund'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. With effect from 31 May 2020, country classifications for securities were updated to reflect Bloomberg's "country of risk" designations and the changes were backdated to prior periods. "Shorts" show the Fund'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 derivative transactions.
4. The table shows the Fund'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".

   The Platinum Global Fund (Long Only) does not undertake any short-selling of stocks or indices. As a result, its net sector exposures through its securities positions and securities/index derivatives positions are its sector exposures through its long securities and long securities/index derivatives positions.
5. The table shows the Fund'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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Platinum Asset Management is a Sydney-based manager specialising in international equities. The investment team uses a thematic stock-picking approach that concentrates on identifying out-of-favour stocks with the objective of achieving superior returns for our clients. We pay no heed to recognised indices. We aim to protect against loss and will hedge stocks, indices and currencies in our endeavours to do so.

The firm was founded in February 1994 by a group of professionals who had built an enviable reputation. The investment team has grown steadily and Platinum now manages around A$19 billion. Platinum's ultimate holding company, Platinum Asset Management Limited (ASX code: PTM), listed on the ASX in May 2007.

Since inception, the Platinum International Fund has achieved superior returns to those of the MSCI AC World Net Index (A$)* and considerably more than interest rates on cash.

* Please refer to page 2.

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