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

30 JUNE
2023

Contents

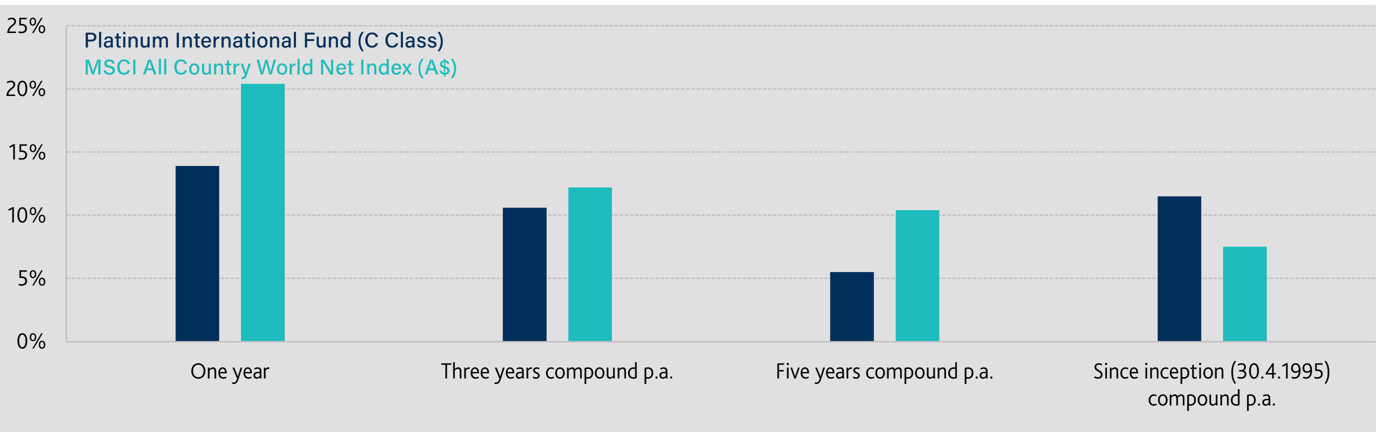
The Platinum Trust quarterly report is available on our website from approximately the 15th of the month following quarter end.
Visit www.platinum.com.au/Investing-with-Us/Investment-Updates

Performance Returns to 30 June 2023

FUND (C CLASS – STANDARD FEE OPTION) (P CLASS – PERFORMANCE FEE OPTION)	PORTFOLIO VALUE (POST 30 JUNE CASH DISTRIBUTION 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)	**6,290.3**	**-0.9%**	**13.9%**	**3.5%**	**10.6%**	**5.5%**	**11.5%**	**30 Apr 1995**
Platinum International Fund (P Class)	25.9	-0.8%	14.2%	3.8%	10.8%	5.7%	6.8%	3 Jul 2017
MSCI All Country World Net Index (A$)		6.8%	20.4%	5.2%	12.2%	10.4%	7.5%	30 Apr 1995
Platinum Global Fund (Long Only) (C Class)	**170.0**	**2.0%**	**22.9%**	**1.3%**	**10.9%**	**4.9%**	**10.0%**	**28 Jan 2005**
Platinum Global Fund (Long Only) (P Class)	2.8	2.0%	23.2%	1.6%	11.2%	5.1%	7.1%	3 Jul 2017
MSCI All Country World Net Index (A$)		6.8%	20.4%	5.2%	12.2%	10.4%	8.0%	28 Jan 2005
Platinum Asia Fund (C Class)	**2,543.4**	**-0.8%**	**2.1%**	**-6.6%**	**3.3%**	**4.9%**	**12.5%**	**4 Mar 2003**
Platinum Asia Fund (P Class)	10.2	-0.8%	2.3%	-6.3%	3.4%	4.9%	6.5%	3 Jul 2017
MSCI All Country Asia ex Japan Net Index (A$)		-0.7%	2.1%	-8.6%	2.3%	3.1%	8.7%	4 Mar 2003
Platinum European Fund (C Class)	**366.3**	**3.0%**	**20.7%**	**3.4%**	**10.5%**	**4.0%**	**10.5%**	**30 Jun 1998**
Platinum European Fund (P Class)	4.2	3.0%	21.0%	3.6%	10.7%	4.3%	5.8%	3 Jul 2017
MSCI All Country Europe Net Index (A$)		3.5%	26.1%	5.1%	11.0%	6.9%	3.8%	30 Jun 1998
Platinum Japan Fund (C Class)	**497.2**	**4.4%**	**18.3%**	**4.5%**	**8.9%**	**4.9%**	**12.8%**	**30 Jun 1998**
Platinum Japan Fund (P Class)	3.4	4.4%	18.6%	4.7%	9.2%	5.2%	6.1%	3 Jul 2017
MSCI Japan Net Index (A$)		7.1%	22.0%	3.3%	6.9%	5.3%	3.4%	30 Jun 1998
Platinum International Brands Fund (C Class)	**434.5**	**-3.4%**	**12.3%**	**-6.9%**	**9.3%**	**5.3%**	**11.4%**	**18 May 2000**
Platinum International Brands Fund (P Class)	2.1	-3.3%	12.6%	-6.6%	9.5%	5.5%	7.4%	3 Jul 2017
MSCI All Country World Net Index (A$)		6.8%	20.4%	5.2%	12.2%	10.4%	4.5%	18 May 2000
Platinum International Health Care Fund (C Class)	**428.7**	**8.1%**	**15.0%**	**-12.7%**	**0.2%**	**6.7%**	**9.2%**	**10 Nov 2003**
Platinum International Health Care Fund (P Class)	10.5	8.1%	15.3%	-12.5%	-0.2%	6.3%	7.9%	3 Jul 2017
MSCI All Country World Health Care Net Index (A$)		2.9%	9.2%	6.7%	8.8%	11.7%	9.5%	10 Nov 2003
Platinum International Technology Fund (C Class)	**134.6**	**4.2%**	**16.5%**	**-2.7%**	**6.9%**	**9.3%**	**9.5%**	**18 May 2000**
Platinum International Technology Fund (P Class)	3.5	4.2%	16.8%	-2.5%	7.2%	9.6%	10.1%	3 Jul 2017
MSCI All Country World IT Net Index (A$)		14.4%	38.7%	9.8%	17.3%	20.2%	4.8%	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 30 June 2023



Fund returns are 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 for fund returns and FactSet Research Systems for MSCI index returns. See note 1, page 44.

In Brief

Platinum International Fund

- The US stock market continued its strong recovery over the quarter as inflationary pressures receded and investors anticipated the end of rising interest rates. Investors returned to the growth stocks that led the last bull market, particularly large technology stocks perceived to be beneficiaries of an anticipated boom in AI.
- The extraordinary bounce in the technology sector, a very weak Chinese market and cautious portfolio positioning, with an average net invested position of 71%, were the primary reasons for the Fund's underperformance over the quarter. While this is a disappointing outcome in the short term, we remain of the view that the popular growth stocks that have driven the market this quarter remain unattractive and are best avoided, and better returns can be found elsewhere.
- Positive contributors to performance included InterGlobe Aviation, Japanese trading house Itochu and US credit bureau TransUnion. Key detractors were Chinese holdings ZTO Express, Tencent and Weichai Power. Our shorts also detracted.
- New holdings included CATL, the global leader in electric vehicle batteries, Baxter International, a US medical equipment provider, and RH, the owner of Restoration Hardware, which has revolutionised the way high-end furniture and homewares are sold in the US. We added to our positions in Alphabet and TSMC, both of which we believe are long-term beneficiaries of developments in AI but were trading at reasonable valuations due to cyclical slowdowns in their respective businesses.
- While we would not be surprised to see a significant setback in markets as the impact of higher interest rates flows through to earnings, we are not overly focused on such predictions. We believe the best approach is not to get caught up in the short term and instead focus on likely outcomes in different sectors over the next five years and beyond. As such, we continue to search for companies that will benefit from the decarbonisation of the global economy, diversification of supply chains and reshoring of production, ongoing higher levels of interest rates, and a recovering China.

Platinum Global Fund (Long Only)

- Notable contributors to performance included InterGlobe Aviation, AGL, Meta Platforms and US luxury furniture retailer RH. The main detractors were our Chinese positions, including AK Medical, Tencent, ZTO Express and Weichai Power.
- We initiated a new position in US healthcare company Baxter International. One of our current investment themes is to look for companies that have already had their recession and are in a position to grow earnings over the next couple of years, even if there is a more difficult economic environment, and Baxter is one such example. We also established new positions in Japanese construction firm Taisei and Japanese packaging company Toyo Seikan, with both having a large percentage of their market capitalisation in cash and excess assets/securities and reacting to the shareholder reform push.
- While it's difficult to predict the timing and duration of interest rate tightening cycles, one thing we do know with any degree of accuracy is that eventually higher rates lead to a contraction in activity, falling profits and higher unemployment. Against this backdrop, we need to "move forward with caution", and continue to buy mispriced opportunities as they arise.

Platinum Asia Fund

- India, Taiwan and Vietnam were among the better-performing markets across the region during the quarter, while China and Hong Kong underperformed. Key contributors to the Fund's performance included Indian holdings InterGlobe Aviation and Macrotech Developers. Our portfolio holdings across the Chinese property and technology sectors were among the weaker performers. Key detractors were JD.com, Tencent, ZTO Express, China Resources Land and China Vanke.
- We continued to build our relatively new position in Chinese EV battery maker CATL and started a new position in MAP Aktif Adiperkasa, an Indonesian retailer that operates exclusive distribution licences for forty of the country's largest brands, with a skew towards sports categories.
- We remain optimistic about the prospects for the Asian region in the medium term. Most countries have navigated through a challenging period well, emerging from COVID lockdowns while keeping inflationary pressures at bay with central banks ahead of the curve on monetary policy. We continue to uncover new prospective investments across the region.

Platinum European Fund

- European equities ended the quarter modestly higher, supported by robust corporate earnings, which in turn benefited from euro depreciation in 2022 and a surprising degree of pricing power.
- Applus Services, Ryanair and ASML were among our best-performing stocks, while Bayer, Fondul Proprietatea and BioNTech were noteworthy detractors.
- European equities have recovered most of the ground lost during 2022, with both the German and French indexes sitting near all-time highs. The benign outlook implied by equity markets is at odds with that of the bond market, which expects meaningful interest rate cuts over the next two years as the economy weakens. Overall, the seeming disconnect between strong equity markets and the tepid economic outlook leaves us cautious, and this is reflected in our portfolio positioning.

Platinum Japan Fund

- The Japanese equity market rose a strong 15.6% over the quarter in local currency terms, as foreign investors net-bought more than US$50 billion of Japanese equities for the calendar year to date, an amount not seen since the Abenomics boom in 2013. A visit by Warren Buffett in April triggered the foreign buying and drew attention to the major changes in corporate governance that have taken place over the last decade or so.
- Key contributors to the Fund's performance included SK Hynix, Tokyo Electron and Fuso Chemical, which benefited from the AI investment thematic. Other contributors included Doosan Bobcat, Nintendo and Toyo Seikan. Key detractors included Toho Titanium, Digital Garage and Oyo.
- We continue to view the outlook for Japanese stocks very positively. Despite the strong rally for the year to date, Japan remains cheap when compared to other developed markets. While many larger capitalisation stocks have re-rated from very cheap levels, large swathes of the market remain at bargain levels, with great potential for "self-help" improvement in profitability and cash returns to shareholders.

Platinum International Brands Fund

- This Fund's performance was disappointing in the context of buoyant global markets and reflects our geographic positioning and net exposure levels. Our net short position in US stocks meant we did not fully benefit from the strength in US markets, and the Fund is unable to own the vast majority of the Nasdaq stocks most exposed to the burgeoning AI thematic. Our sizeable exposure to poor-performing Chinese stocks also weighed on the Fund's performance.
- On the positive side, Meta Platforms, Alphabet and Netflix were three of the top four individual stock contributors, a symptom of the strength of the US technology/communications sector during the quarter.
- We remain cautiously positioned, particularly in relation to the US market, where stocks have rallied on optimism that, in our view, appears unjustified. Conversely, while China has not rebounded as quickly as hoped, extreme pessimism prevails in the stock market, leading to attractive valuations, inflation is benign, signs of recovery are present, and monetary policy is leaning more toward stimulus than restriction. The Fund's positioning reflects these contrasting pictures.

Platinum International Health Care Fund

- Key contributors to the Fund's strong performance over the quarter included Prometheus Biosciences, Telix Pharmaceuticals, Icosavax and Ideaya Biosciences. During the quarter, we added a new position in Vera Therapeutics, a company that focuses on IgA nephropathy, a disease of the kidney and immune system that needs new therapies.
- Looking ahead, life science tool companies will be closely watched to determine when order books are normalising, which we believe will coincide with consolidation in the tool sector. The upcoming IPOs in biotech will give us more insights into the state of biotech funding. Meanwhile, developments in obesity therapies will also be a key focus for investors.

Platinum International Technology Fund

- US stock markets rallied strongly over the quarter, with technology stocks particularly supported by the emerging and new powerful thematic of AI. Key contributors to the Fund's performance included Meta Platforms, Alphabet, Oracle and Netflix.
- After such a strong start for technology stocks in the first half of this year, valuations for US technology companies are no longer at bargain prices. We believe that our careful selection of long and short positions in semiconductors, Asian e-commerce, digital advertising, streaming media, and enterprise software names should provide the Fund with attractive investments without exposing investors to unnecessary risks at this point in the cycle.

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

by Andrew Clifford, Co-Chief Investment Officer

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

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

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

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

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

1 Source: UBS.

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

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

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

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

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

AC: I think the reopening has been disappointing, largely reflecting business and consumer confidence not returning as they did in the West. The property market is still challenged. While the government has provided enough funding to allow uncompleted developments to be completed, buyers have not returned in an enthusiastic fashion to the property market. What I would say, though, is that there are a lot of really interesting things going on in China underneath the surface that are not being particularly picked up by the media. The US government has set aside US$500 billion in new spending and tax breaks under the Inflation Reduction Act of 2022 (IRA), with the majority (US$400 billion) going towards climate change-type investments.[4] But when you look at who's leading the world in that area, it's China. Last year, China sold 6.2 million electric vehicles, compared with 2.7 million in Europe and 1.1 million in the US (see Fig. 1).[5] Interestingly, China became the second-largest exporter of motor vehicles last year, and in the first quarter of this year, it was the largest exporter of motor vehicles.[6] This is another example of China taking on a very mature industry where it was never expected to play outside of its borders. It exported around 3.5 million cars last year, which is about 5% of the car market outside of China, and it has momentum. I think that's going to become a tough market for the marginal players. In solar panels, eight out of ten are made in China, and five of those eight are installed in China.[7] In wind turbines, China represents around 65% of the market.[8] In terms of batteries, China's Contemporary Amperex Technology Co. Limited (CATL) is the clear global leader in batteries, surpassing the Korean and Japanese companies.[9] CATL's revenues were up sixfold in two years.[10] These examples highlight that just in one area of this very dynamic economy, there are some really exciting things going on, presenting some interesting opportunities for investors.

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

AC: There are clearly multiple concerns about China. There have been issues in the property sector and concerns around the regulatory environment, which have caused difficulties for many companies that foreigners are invested in. However, foremost is the political environment that's on the front page of the newspapers every day, but I don't think investors are looking at this in an even-handed way. We hear that China Is uninvestable and there remain concerns around a potential invasion of Taiwan, which in our view seems a very unlikely event given the importance of Taiwan to China. When I say the markets are being uneven about it, let's look at a stock like Apple. It is reliant on Taiwan for the

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

3 Source: Federal Reserve Bank of St. Louis.

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

5 Source: Statista.

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

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

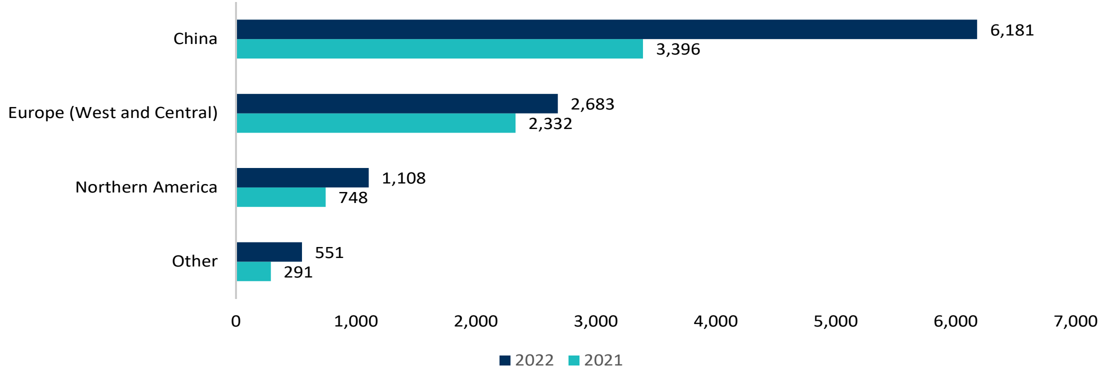
8 Source: https://www.iea.org/reports/wind-electricity

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

10 Source: CATL company report.

Fig. 1: China dominates electric vehicle sales

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



Source: Statista.

manufacture of most of its semiconductor content; it relies on China for the assembly of its products; and China accounts for 20% of its earnings.[11] This is a company that has a very significant China risk. Today, Apple is reaching new highs on a daily basis. That says to me that no one's really worrying about the potential invasion of Taiwan when they're buying Apple. The same thing can be seen for the other great market favourite of the moment, NVIDIA, which again relies on Taiwan for the supply of its leading-edge chips. I'm not saying that the risks are not real; the US will likely continue to attempt to contain China. However, the economic reality is that the world is heavily reliant on China in so many critical areas. You can see that in the other dialogue that goes on, with envoys from various countries regularly sent to try and mend the relationship with China, while on the other hand, announcements are made each day restricting China's access to US technology.

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

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

11 Source: FactSet Research Systems.

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

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

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

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

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

HP: Any closing remarks?

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

MSCI Regional Index
Net Returns to 30.6.2023 (USD)

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

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

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

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

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

How Japan Regained Its Mojo

by James Halse, Portfolio Manager

The Japanese stock market is booming in 2023, up 21% for the year to date, outperforming all other major developed market indices.[1] Global investors have net-bought ¥7.2 trillion (US$50 billion) this year in a major reversal of recent trends.[2] So, what has changed, and more importantly for investors, is this rally sustainable?

1 TOPIX, local currency terms. Source: FactSet Research Systems, calendar year to date, as at 30 June 2023.

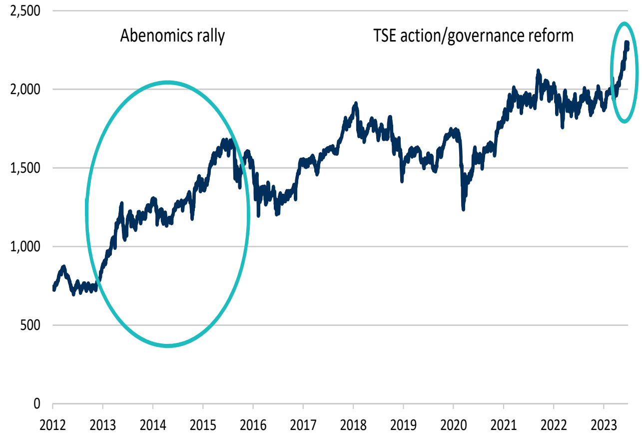
2 Source: Osaka Stock Exchange, Tokyo Stock Exchange, Nomura. Two cash markets plus futures, in net terms this year from 1 January to 16 June 2023.

Global investors avoided Japan for the best part of a decade, with cumulative net selling of Japanese equities by foreigners to the tune of ¥29 trillion (US$200 billion) over the period 2015-2022.[3] This was likely a factor in the underperformance of Japanese stocks relative to major markets such as the US over the period.

The last time foreign investors were this enamoured with Japan was coincident with the appointment of the reformist Shinzo Abe as Prime Minister in late 2012. His plans to restructure the Japanese economy and end deflation via massive monetary stimulus caused investors great excitement and led to the stock market doubling over a two-year period (see Fig. 1) This was helped along by a dramatically weaker yen, which generally implies higher aggregate profits for Japan's export-oriented corporations.

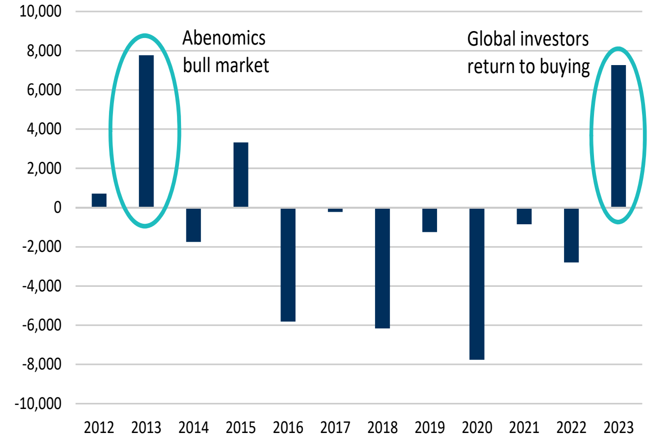
3 Source: Ibid.

Fig. 1: Japan's equity market surges in 2023
TSE TOPIX



Source: FactSet Research Systems, as at 30 June 2023.

Fig. 2: Foreign buyers flock back to Japanese equities
Net foreign buying of Japanese equities (¥, CYTD)



Source: Osaka Stock Exchange, Tokyo Stock Exchange, Nomura. Two cash markets plus futures, calendar year to 16 June 2023.

This excitement turned to boredom and ultimately disillusionment as structural reforms were more gradual and took longer to deliver results than initially hoped. However, what global investors were missing was the real fundamental change taking place under the surface of the stock market headline: A reform snowball that slowly gathered size and speed until it built the momentum to achieve breakout velocity on the back of two key incremental occurrences:

- First, the call by the Tokyo Stock Exchange (TSE) for companies to publish plans to improve corporate value so as to trade above a price-to-book valuation of 1.0x.[4]
- Second, the storm of press coverage around Warren Buffett's visit to Japan and his holdings in the five major Japanese trading companies.

Reforms provide foreign shareholders with more power

Investor complaints about Japanese business practices have been consistent for the last few decades. Decisions are not made with shareholders in mind; rather, companies pursue growth, even where it is unprofitable to do so, and hoard capital as it is viewed as costless. Entrenched management teams adopt whatever strategy they wish, with flowery language and little regard for shareholder wishes or basic economic realities.

This situation arose from the model adopted for post-war reconstruction and development, which involved an alliance between government and corporate management against the power of labour. Companies were financed by state-directed lending rather than equity markets, with a focus on the growth of the enterprise and Japan as a whole rather than returns on shareholder equity. This was supported by significant cross-shareholdings between members of "Keiretsu" groups, which curtailed the influence of outside shareholders, as management could always count on a high level of voting support from these friendly parties. This model worked well for Japan until the end of the 1980s boom, but by the 2000s, key parts of the government realised it had outlived its usefulness and sought reform. We can observe a significant decrease in the levels of cross-shareholdings since this time.

In recent years, the focus of reform has been to give power to foreign shareholders to push for improvement via twin Governance and Stewardship codes. Compliance with these codes is voluntary, but a significant nudge[5] element is involved, which is quite effective in the Japanese context where peer pressure can be especially motivating. The Governance Code outlines best practice that companies should move toward and provides reference ammunition for dissatisfied shareholders in conversations with management teams. Asset managers who sign the Stewardship Code (includes all the Japanese majors) must disclose their voting records, and as a result, are gradually moving to voting behaviour that benefits their unitholders, rather than the relationship the asset manager's parent bank may have with the investee company. Daiwa Financial Services, for example, recently announced it voted in favour of 49% of the shareholder proposals filed at its portfolio companies' AGMs in 2023 after having voted against all such proposals in 2022.[6]

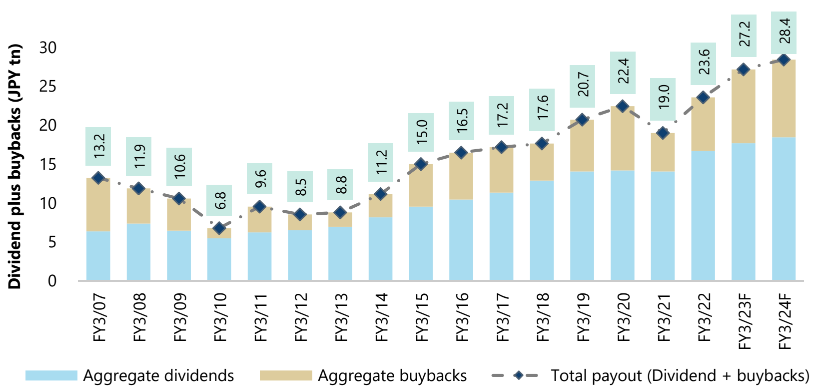
4 Source: https://www.jpx.co.jp/english/news/1020/dreu250000004n19-att/dreu250000004n8s.pdf

5 https://en.wikipedia.org/wiki/Nudge_theory

6 https://asia.nikkei.com/Business/Markets/Shareholders-to-demand-more-from-Japan-companies-at-annual-meetings. Shareholder proposals are a key mechanism via which (activist) shareholders can push for changes at companies via binding resolutions of shareholders, or, in the event the proposal fails, which is the outcome in the vast majority of cases, at least showcase the extent to which a portion of shareholders are unhappy with the status quo.

Fig. 3: Record levels of cash returned to shareholders

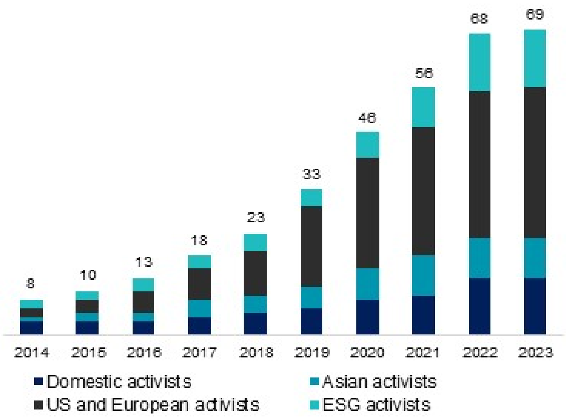
Japan TSE TOPIX – Aggregate dividend and buybacks trend since FY3/07



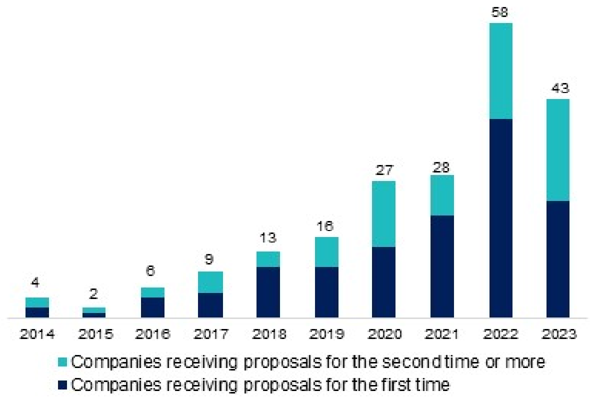
Source: FactSet Research Systems, Bloomberg, Jefferies.

Fig. 4: Activists are making their presence felt

Number of activist funds that are active in Japan (as of 11 May 2023)



Number of shareholder proposals submitted by activists (as of 11 May 2023)



Source: IR Japan.

Shareholders are being heard

Putting this together, management teams now feel significantly greater pressure to listen to shareholders' views and respond to requests for improvement. Recent, very public examples have outlined the potential consequences when managers behave badly or are not acting effectively. In the case of elevator manufacturer Fujitec, the founding family lost control of the company after an activist investor succeeded in replacing the majority of the company's independent directors. In the case of Seven & I Holdings, the parent company of the 7-Eleven convenience store chain franchise, management had to defend a public campaign where, even though the activist's extraordinary general meeting (EGM) proposals were voted down, the company's management team suffered the embarrassment of a significant portion of shareholders expressing their displeasure with the company's strategy via their votes.

Increasingly, companies are trying to get ahead of this dynamic, announcing plans to rationalise business portfolios, increase balance sheet efficiency, and return cash to shareholders before a public campaign is launched or even in the absence of activist involvement. We are seeing a record level of cash returned to investors via dividends and share buybacks in 2023 (see Fig. 3), and it appears likely that this trend will continue, spurred by growing shareholder activism as evidenced in Fig. 4 and the ongoing push by the Tokyo Stock Exchange.

Dai Nippon Printing and Citizen Watch are clear examples of where commitments to major capital returns drove a levitation of their respective share prices. Other more moderate changes elsewhere have seen more muted but still positive responses. These initial steps are very encouraging, but there is a lot more that can be done, and this seems likely to play out over a multiple-year timeframe with the potential to continue to support stock market performance.

Ironically, the biggest winners from recent foreign buying of the market have not been the stocks most exposed to this theme of improving governance. The "Buffett effect" has seen the large trading companies outperform even as commodity prices have declined, which implies a reduction in future profitability for those companies. Larger, more liquid stocks present in the major indices have been the natural first destination for foreign capital seeking greater Japan exposure, despite generally already having much better governance and profitability than the market average and thus less scope for potential improvement. It may take some time for mainstream global investors and, indeed, local investors to become more adventurous in their pursuit of the major beneficiaries of the governance reform story.

Potential for more M&A

The final shoe to drop may be the opening up of the market for corporate control. Japanese businesses have largely failed to consolidate, and the lack of takeover risk allows weak businesses and lazy balance sheets to persist. There are initial signs that the level of M&A activity may step up, but as yet we have not observed a wholly unsolicited takeover bid by a strategic acquiror where a target was not already "in play" (the typical case would be where a company has agreed to a merger with another, then a third party comes in with a higher, unsolicited offer). While this is somewhat disappointing, even five years ago, an unsolicited bid occurring at all, even in relation to a target already "in play", would have been almost unthinkable. Should unsolicited bids become more common, we would expect to see Japanese equities re-rate to higher levels as the prospect of realising latent value becomes more tangible to investors.

A recent event perhaps represents a breach in the anti-takeover dyke. Half of Japanese stocks trade below book value[7] due to lazy balance sheets and lacklustre profitability, so there are potentially huge implications if takeovers of these companies become a possibility. The family office of Nintendo's founding family (Yamauchi-No. 10 Family Office) succeeded in gaining a majority of the Board of Directors of Toyo Construction after putting forward an alternative slate at Toyo's AGM. Toyo's Board had previously agreed to a friendly deal with minority shareholder Infroneer at ¥770 per share. Yamauchi FO then made an indicative proposal at ¥1,000, which the Board refused to consider. The Infroneer tender was rejected by shareholders due to the higher offer, but the Board continued to refuse to engage with Yamauchi. So, not to be beaten, Yamauchi nominated a slate of directors and won a majority, partly due to their large voting power (they had bought 27% of Toyo) and also shareholder dissatisfaction.[8]

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

8 Souce: Company filings, Platinum analysis.

Winning control of a company via hostile action at an AGM in Japan was unheard of until recently, but the implications in this particular case are even more wide-reaching. Management teams now have to worry that if they fail to properly consider a bid, they may be replaced. If they fail to agree to a value-creating bid, even if unsolicited, they may be replaced. So, there is an incentive to agree to avoid a public admonishment from shareholders. Now the really interesting thing is that banks in Japan are unwilling to finance hostile deals, which has historically prevented any leveraged buyouts (LBOs) taking place. However, they are willing to finance deals agreed to by a company's Board.

The Toyo Construction precedent shows that a potential buyer may get two bites at the cherry. Either the Board negotiates a deal or it fights. If management loses a shareholder vote and is replaced, presumably the new Board will be more shareholder-friendly and agree to any deal that delivers value to shareholders. So, there are now two roads to an agreed, bank-financed LBO. At what levels will Japanese stocks trade once investors wake up to the reality that LBOs of these cheap-as-chips companies are a real possibility? Our guess would be a lot higher than the market's current pricing.

Reasons for optimism

When we consider the picture holistically, we see many reasons to support the view that the current Japanese stock market boom has a solid fundamental basis and can persist for some time. The extent and persistence of current strength will ultimately be determined by myriad factors, but ongoing management attention to profitability and cash returns to shareholders will likely prove supportive, and should the market for corporate control truly open, the results could be exceptional. There are reasons for cautious optimism here, with initial signs that the government is nudging things in this direction.[9]

9 https://www.reuters.com/world/asia-pacific/japans-powerful-meti-eager-guidelines-that-spur-ma-official-says-2023-04-18/

Platinum International Fund

Andrew Clifford
Portfolio Manager

Clay Smolinski
Portfolio Manager

Nik Dvornak
Portfolio Manager

Performance

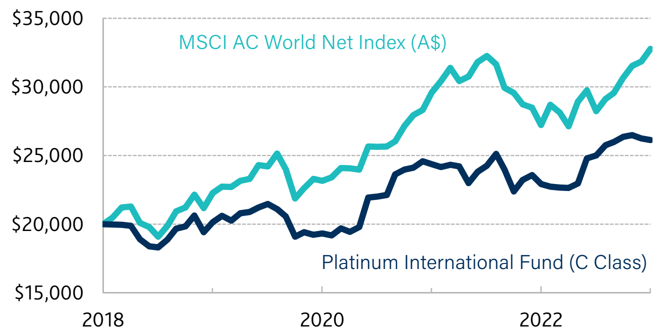
(compound p.a.+, to 30 June 2023)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Fund*	-1%	14%	11%	5%	11%
MSCI AC World Index^	7%	20%	12%	10%	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

30 June 2018 to 30 June 2023



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 -0.9% for the quarter compared with the market's return of 6.8%. Over the year, the Fund returned 13.9% compared with the market's return of 20.4%.[1]

Three main factors led to the Fund underperforming the market over the past quarter:

- The recovery in markets this year has been led by an extraordinary bounce in the technology sector, up 40% in the first six months of the year and 13% for the quarter.[2]
- China's stock markets performed poorly over the quarter due to concerns about the subdued nature of the country's economic rebound and ongoing political tensions with the US. As a result, the Fund's holdings in Chinese companies reduced returns by 1.5%.
- The Fund's positioning remained cautious, with an average net invested position of 71% and an average short position of 15%. Our short positions detracted 2.5% from performance over the quarter.

While this is a disappointing outcome in the short term, we remain of the view that the popular growth stocks that have driven the market this quarter remain unattractive and are best avoided, and better returns can be found in out-of-favour areas such as China. We will expand on this later in the report.

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.

2 Nasdaq-100 Technology Sector Index, local currency. Source: FactSet Research Systems.

The largest contributors to performance included low-cost Indian airline **InterGlobe Aviation** (+37%), Japanese trading house **Itochu** (+32%) and US credit bureau **TransUnion** (+26%). Our semiconductor holdings also provided a positive contribution to performance (**Samsung Electronics** +13%, **Microchip Technology** +7%).

Our Chinese holdings were among the key detractors from performance, including express delivery operator **ZTO Express** (-12%), **Tencent** (-14%) and diesel-engine producer **Weichai Power** (-9%).

Changes to the Portfolio

A new holding in the Fund over the quarter was Chinese company **Contemporary Amperex Technology Co. Limited** (CATL), which has recently emerged as the global leader in electric vehicle (EV) batteries.[3] The company has experienced a sixfold increase in revenues over the last two years as the sale of EVs in China has exploded.[4] A differentiating factor for CATL relative to its Korean and Japanese competitors is that it has continued to develop LFP (lithium, iron and phosphate) chemistry for its EV batteries, which had historically been seen as uncompetitive due to its lower energy density (meaning a shorter driving range for the EV) despite the lower cost. CATL has substantially reduced the gap with the NCM (lithium, nickel, cobalt and manganese) chemistry favoured by competitors, such that LFP is now a genuine alternative. Endorsing this is Ford's announcement that they will use CATL's LFP chemistry in an expansion of their battery manufacturing capacity in the US, while Tesla is already using CATL's LFP batteries in its shorter-range EVs. While last year, Chinese sales of EVs increased by 82% from 3.4 million to 6.2 million,[5] there have been concerns that sales will fall heavily as government subsidies are reduced. This has seen CATL's stock price fall over 40% from its highs, providing an attractive entry point for the Fund.

Other new holdings in the Fund included **Baxter International**, a US medical equipment provider that has seen its stock price under pressure for a number of reasons, including a poorly timed acquisition and problems passing on cost increases. Our view is that the long-term profitability of the core business remains intact, and this setback provides an ideal entry point. **RH**, the owner of Restoration Hardware, has revolutionised the way high-end furniture and homewares are sold in the US. Furniture sales have collapsed post the pandemic spending boom by households, as has RH's stock price, which again provided an attractive buying opportunity for the Fund.

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

4 Source: CATL company report.

5 Source: https://www.statista.com/statistics/1236625/electric-vehicle-global-sales-by-region/

Disposition of Assets

REGION	30 JUN 2023	31 MAR 2023	30 JUN 2022
Asia	30%	27%	24%
Europe	25%	26%	22%
North America	20%	19%	17%
Japan	9%	8%	8%
Other	3%	2%	2%
Australia	2%	2%	3%
Cash	11%	16%	24%
Shorts	-17%	-14%	-20%

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

Net Sector Exposures

SECTOR	30 JUN 2023	31 MAR 2023	30 JUN 2022
Industrials	17%	19%	15%
Financials	15%	16%	12%
Information Technology	10%	9%	5%
Materials	8%	8%	11%
Energy	6%	8%	4%
Consumer Discretionary	5%	5%	8%
Health Care	5%	4%	3%
Communication Services	4%	3%	2%
Real Estate	2%	2%	3%
Utilities	0%	0%	0%
Consumer Staples	0%	0%	0%
Other	0%	-2%	-8%
TOTAL NET EXPOSURE	73%	70%	56%

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

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
ZTO Express Cayman Inc	China	Industrials	3.5%
Microchip Technology Inc	US	Info Technology	3.5%
MinebeaMitsumi Co Ltd	Japan	Industrials	3.3%
Samsung Electronics Co Ltd	South Korea	Info Technology	3.1%
InterGlobe Aviation Ltd	India	Industrials	2.8%
Allfunds Group Plc	UK	Financials	2.6%
Ping An Insurance Group Co	China	Financials	2.6%
UPM-Kymmene OYJ	Finland	Materials	2.4%
Suzano SA	Brazil	Materials	2.3%
Airbus SE	France	Industrials	2.3%

As at 30 June 2023. 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/pif

We added to our existing positions in **Alphabet** and **Taiwan Semiconductor Manufacturing**, both of which we believe are long-term beneficiaries of developments in artificial intelligence (AI), but were trading at reasonable valuations due to cyclical slowdowns in their respective businesses.

On the other side of the ledger, we sold out of several holdings, including **General Electric** (aerospace engine manufacturer), **LGI Homes** (housing construction) and **Informa** (publishing, business intelligence and exhibitions), and trimmed a number of others, such as **Micron Technology** (semiconductor manufacturer), **Intesa Sanpaolo** (European bank) and **LG Chem** (EV battery maker), that had experienced strong share price gains in recent months. The net effect of the transactions was a reduction in the Fund's cash holdings from 16% to 11%. Over the period, short positions were increased from 14% to 17%, resulting in a slight increase in net exposure to 73% at quarter end.[6]

Commentary

The US stock market continued its strong recovery from last year's lows during the quarter as inflationary pressures receded and investors anticipated the end of rising interest rates. Investors have returned to the growth stocks that led the last bull market, with a particular focus on many large technology stocks that are perceived to be beneficiaries of an anticipated boom in AI.

With many commentators labelling the rally in US stocks as the beginning of the next bull market, we remain extremely wary of the ebullience in some sectors.

In past economic cycles, it has taken 18 months or more for the impact of higher interest rates to flow through to the economy and company earnings, and it's only been 15 months since the first interest rate increase in the US. The availability of credit remains tight on numerous measures, and money supply growth remains negative. While the US economy remains robust overall for the moment, many industries are struggling post the pandemic boom in demand for consumer goods. There are also early signs of a softer employment market, with initial unemployment claims on the rise.

Meanwhile, investors' expectations of a US recession have faded as stock prices moved higher. While hopes are pinned on the potential for interest rate cuts to send the markets higher, it is worth remembering that in the last 40 years, it was only after the peak in interest rates was reached that the bear market started in earnest. It can be argued that the current economic backdrop is very different from past cycles, most notably with higher levels of inflation, but it is hard to see why that should make things different this time.

6 Numbers have been subject to rounding.

The emergence of AI tools such as ChatGPT has captured the interest of many. When NVIDIA, whose semiconductors are used in developing AI models, announced it expected an extraordinary lift in next quarter's revenue of over 50%, this created a frenzy amongst investors searching for AI opportunities.[7]

While we are in firm agreement with those who see the extraordinary potential in AI (for more details, please see the interviews with portfolio managers Cameron Robertson and Dr Bianca Ogden on our website[8]), current investor enthusiasm for the theme, together with the valuations of the favoured names, leads us to be wary about the opportunity, at least in the obvious plays such as NVIDIA. It is interesting that many investors, having been badly hurt by the bursting of the growth stock bubble of 2020-21, are so willing to line up for another round of speculation. Having said that, during the tech wreck bear market of 2000-01, there were rallies of 40% and more in the Nasdaq as true believers searched for opportunities before the market continued its decline.

Chinese stock prices, having initially rallied strongly at the end of 2022 and early 2023, have subsequently faded away, with some of the more out-of-favour sectors, such as e-commerce, returning to the lows set last October after the announcement of the new Chinese Communist Party (CCP) Politburo. As a result, investor sentiment has returned to very pessimistic levels. At Platinum, our view is that the best opportunities in markets are found in those areas where investors are fearful, and as such, China is clearly a "potential" opportunity. We believe potential because we do need to assess the fears and concerns of the market and determine whether investors are over-emphasising recent events.

Undoubtedly, China's economic recovery has been subdued. After an initial surge in a wide range of economic indicators post-lockdown, there has since been a retracement. In the property market, various measures of apartment sales showed a strong recovery, then returned to the lows reached during the 2022 lockdowns. Export markets are also weak, as the COVID-19-inspired global boom in manufactured goods continues to recede. While the government continues to put in place stimulatory measures, they remain measured, with the reticence likely driven by a desire not to repeat the mistake of 2008-09 when government stimulus resulted in rapid growth in debt and an overbuild of capacity in a wide range of industries. Both business and consumer confidence remain low.

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

8 https://www.platinum.com.au/Insights-Tools/The-Journal/Finding-Value-in-the-Much-Hyped-AI-Space

Our base case remains that the Chinese economy will steadily gain momentum in the months ahead. Clearing the backlog of sold but unfinished apartments, for which funding has been made available, is likely to result in a recovery in this important sector of the economy.[9] It is also worth noting that for all the negative reports about the Chinese economy, underneath the surface, the country's private sector has continued to build leading positions in a range of industries at the centre of the global energy transition. China has established leading positions in electric vehicles (EVs), including battery technology and battery materials, solar panels and the supporting supply chain, and wind turbines.[10] The country is also the largest market for these industries, reflecting the pace of investment in decarbonising the global economy. For more detail, please read this quarter's 'Macro Overview'. Finally, the Chinese government, having been relatively subdued in its stimulatory measures over the last three years and with inflation non-existent, still has room to take further action.

Outside of the tepid economic environment in China, political risk around Taiwan remains at the forefront of investors' minds. We can observe that if investors are genuinely concerned about this risk, the way they are acting on it by avoiding Chinese and Taiwanese stocks displays an extraordinary bias. For example, Apple is highly dependent on Taiwan as the source of semiconductors for its products, 95% of its products are assembled in China, and China accounts for approximately 20% of the company's profits.[11] The company has plans to diversify its supply chain, however, it will carry significant China risk for a long time to come. We could provide a long list of large Western companies that are reliant on China in multiple ways, and yet there is little evidence of investors marking down their stock prices for the risk this represents.

We expect the US will continue in its attempts to contain China's rise and investors should be cognisant of how that can potentially impact share prices. However, the interdependence between the US and China will be a limiting factor in the US' ability to act, whether that is the US economy's reliance on China for the supply of critical inputs or as an end market for US goods and services. It is reflected in the oddity that while there are weekly announcements around restrictions on the supply of critical technologies to China, there are also visits by various US envoys to China in order to repair the deteriorating relationship.

Outlook

As we have noted in past reports, there continue to be significant divergences in stock price performance and valuations across different sectors and countries. The result is that many companies continue to trade at high valuations, while others trade at levels consistent with difficult economic and market conditions. The opportunity for us here is similar to that at the start of 2022, which is to avoid (or short) the former while buying the latter.

While we would not be surprised to see a significant setback in markets as the impact of higher interest rates flows through to earnings, we are not overly focused on such predictions. We believe the best approach is not to get caught up in the short term and instead focus on likely outcomes in different sectors over the next five years and beyond. As such, we continue to focus our search for opportunities amongst companies that will benefit from the decarbonisation of the global economy, diversification of supply chains and reshoring of production, ongoing higher levels of interest rates, and a recovering China.

9 For more on the Chinese property market, see: https://www.platinum.com.au/Insights-Tools/The-Journal/Chinese-Property-Market-Anti-Bubble

10 Source: International Energy Agency, Bloomberg.

11 Source: FactSet Research Systems.

Platinum Global Fund (Long Only)

Clay Smolinski
Portfolio Manager

Performance

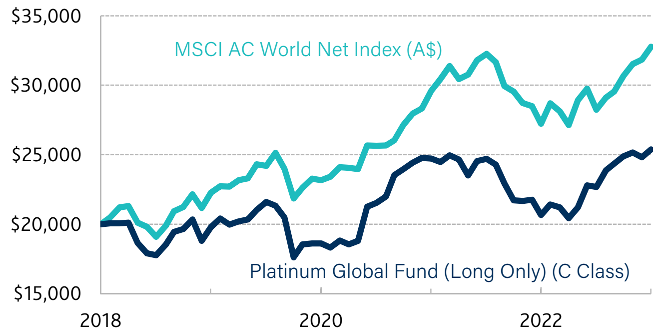
(compound p.a.+, to 30 June 2023)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Global Fund (Long Only)*	2%	23%	11%	5%	10%
MSCI AC World Index^	7%	20%	12%	10%	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

30 June 2018 to 30 June 2023



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 2.0% for the quarter.[1]

In terms of major positions, notable contributors to performance included Indian low-cost air carrier **InterGlobe Aviation** (+37%), Australian energy utility **AGL Energy** (+34%), social media giant **Meta Platforms** (+35%) and US luxury furniture retailer **RH** (+32% from our first entry point during the quarter).

With regards to InterGlobe Aviation, the investment case is playing out. With its competition largely eliminated post-COVID, we are now seeing price discipline return to the Indian airfare market, which can drive very large increases in profitability. The move in Meta was driven by the continued change in perception around the company, going from being secularly challenged by TikTok and a loss of advertising effectiveness to now successfully solving these problems. Finally, RH is a rare story of a retailer successfully moving upmarket with a unique founder and a mentality of experimentation. The stock fell 65% post the COVID sugar rush of goods spending, giving us a good entry for the long term, and the stock has started to rise as the market is beginning to look through the weakness in the luxury housing market.[2]

The main detractors from performance were our Chinese positions, with every holding except PICC giving up ground. Four of our top five detractors were Chinese stocks (**AK Medical** -26%, **Tencent** -14%, **ZTO Express** -12% and **Weichai Power** -9%).

AK Medical is China's largest domestic manufacturer of orthopaedic products (mainly hip and knee). It has been the most R&D-focused of the domestic players, building a 20% market share and being the first to gain approvals for a number of its 3D-printed/more innovative implants.[3] Its share price fall during the quarter looks to have been influenced by the founders pledging 3.5% of their shareholding as collateral for a loan (not an uncommon transaction in Asia), after which they will still own roughly

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.

2 For more on RH and the US luxury furniture market, see: https://www.platinum.com.au/Insights-Tools/The-Journal/Boom-Bust-Disruption-in-the-Furniture-Industry

3 Source: Company reports, Bloomberg. For more details on AK Medical and the investment opportunity we believe it presents, see: https://www.platinum.com.au/Insights-Tools/The-Journal/The-Times-are-Changing

48% of the company. Outside of this, the incremental news is positive, with early indications the second round of volume-based procurement (centralised buying for the Chinese medical system) will be a net positive for AK and they could achieve a net price increase.

The other stock price falls were driven by macroeconomic factors, namely disappointment over the pace of recovery in the Chinese economy post its reopening. Outside of the Chinese positions, there was reasonably broad strength, with the only other falls of note being pulp and biochemicals player **UPM-Kymmene** (-12%) and financial products sales/ administration platform **Allfunds** (-8%).

Commentary and Changes to the Portfolio

A theme in a number of our recent purchases over the quarter has been looking for companies that have already had their recession and are in a position to grow earnings over the next couple of years, even if there is a more difficult economic environment.

An example of this is US healthcare company **Baxter International**. While Baxter has a broad portfolio of medical products, the business essentially has two major areas of focus: delivery of medical fluids (infusion pumps and medications via intravenous and peritoneal dialysis) and patient monitoring (smart beds, diagnostic equipment used by general practitioners, etc.).

As we all know, the global economy has just experienced a large inflationary impulse, with most businesses able to pass on the higher labour/logistics/input costs to customers. But what if a company is contractually unable to do so? This was the position Baxter found itself in, with a meaningful amount of its US revenue sold through multi-year contracts with large group-buying organisations, where pricing can only be changed upon contract renewal. This hurdle to passing on cost inflation, together with semiconductor shortages limiting the ability to meet demand, saw Baxter's earnings fall considerably over the past two years and its stock price halve.

Looking forward, the picture should improve for Baxter. The majority of its contracts come up for renewal over the next two years (which should allow some cost recovery), component shortages and input cost pressure will likely ease, and sales revenue should be boosted by the approval of its new large-volume infusion pump and new range of smart beds. The Baxter story is not perfect; the company has given itself a full plate, planning to spin off its renal division and reorganise its manufacturing footprint in order to do so. These changes can always bring unforeseen problems, but overall, we feel the risk-reward looks favourable for a mid-sized position in the Fund.

Disposition of Assets

REGION	30 JUN 2023	31 MAR 2023	30 JUN 2022
Asia	34%	31%	25%
Europe	29%	30%	23%
North America	22%	20%	19%
Japan	5%	6%	6%
Other	3%	1%	1%
Australia	3%	2%	3%
Cash	6%	11%	22%

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

Net Sector Exposures

SECTOR	30 JUN 2023	31 MAR 2023	30 JUN 2022
Industrials	25%	25%	21%
Information Technology	16%	13%	12%
Financials	14%	14%	11%
Materials	9%	8%	13%
Energy	8%	11%	5%
Health Care	6%	5%	3%
Consumer Discretionary	6%	6%	5%
Communication Services	5%	5%	5%
Real Estate	2%	2%	2%
Utilities	2%	1%	0%
Consumer Staples	0%	0%	1%
TOTAL NET EXPOSURE	94%	89%	78%

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

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Samsung Electronics Co Ltd	South Korea	Info Technology	5.0%
Microchip Technology Inc	US	Info Technology	4.8%
MinebeaMitsumi Co Ltd	Japan	Industrials	3.8%
Weichai Power Co Ltd	China	Industrials	3.7%
ZTO Express Cayman Inc	China	Industrials	3.5%
Wizz Air Holdings Plc	Switzerland	Industrials	3.4%
Tencent Holdings Ltd	China	Comm Services	3.2%
InterGlobe Aviation Ltd	India	Industrials	3.2%
UPM-Kymmene OYJ	Finland	Materials	3.2%
AK Medical Holdings Ltd	China	Health Care	3.0%

As at 30 June 2023. 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

In a similar vein, we continued to build a position in Australian utility **AGL Energy.** AGL has had an eventful past two years that saw its share price fall from $15 to $5. Events included an activist campaign and board/management changes led by Grok/Brookfield. On top of that, AGL's earnings were temporarily depressed, a product of lower electricity prices under the new direct market offer pricing system and the fact that AGL had to buy expensive electricity in the spot market due to unforeseen outages at its power plants.

Over the next two years, we believe these issues should reverse as the price AGL will receive for electricity under the pricing system increases and plant reliability is restored. The new management team at AGL is attuned to the realities of Australia's energy transition away from coal, and by controlling 40% of east coast electricity generation it is in a good position to lead it. The recent capital markets day held by AGL affirmed the more positive outlook, and the stock has provided us with strong immediate returns.

In terms of other new positions, we added Japanese construction firm **Taisei** and Japanese packaging company **Toyo Seikan**. Both companies have a large percentage of their market capitalisation in cash and excess assets/securities and are reacting to the shareholder reform push driven by the Japanese Ministry of Finance. Please see our feature article by portfolio manager James Halse, *How Japan Regained Its Mojo*, for more background on the impact that regulatory reform and the increased focus on corporate governance are having on the Japanese equity market.

To fund these positions, we sold out of building products manufacturer **Lixil**, reduced our position in European bank **Intesa Sanpaolo**, and have nearly exited our position in Chinese insurer **PICC**. We also heavily reduced our positions in energy production, selling out of **Suncor Energy** and **Equinor** and halving our position in **Shell**.

Outlook

Of the four largest global markets by size, Europe and Japan have powered through their 2021 highs, the US market has recovered to within 5% of its high, and China remains down 30-50%, depending if you look at the A-share index or the Hong Kong-listed mainland names.

In relation to the US and Europe, it's clear investors had begun to price in a recession in mid-2022, and as that has not come to pass, they have re-entered the market, pushing up stock prices. Japan is a special case, with the market boosted by the weak yen and the corporate reaction to the shareholder reform plan. China is a mirror image, with investors returning on expectations of a massive economic recovery post the end of the zero-COVID policy, only to lose enthusiasm as the pace of recovery has been weaker than hoped.

Where to now? The economy and stock markets are large, complex systems; forecasting errors will always be high, and you can only work with probabilities. We are likely nearing the end of the interest rate tightening cycle in the US. While it's difficult to predict the timing and duration of interest rate tightening cycles, one thing we do know with any degree of accuracy is the end state, namely that eventually higher rates lead to a contraction in activity, falling profits and higher unemployment.

Against this backdrop, we need to "move forward with caution", and continue to buy mispriced opportunities as they arise.

Platinum Asia Fund

Andrew Clifford
Portfolio Manager

Cameron Robertson
Portfolio Manager

Kirit Hira
Portfolio Manager

Performance

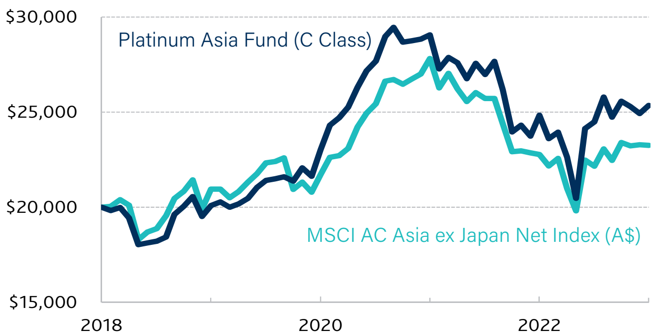
(compound p.a.+, to 30 June 2023)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Asia Fund*	-1%	2%	3%	5%	13%
MSCI AC Asia ex Jp Index^	-1%	2%	2%	3%	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

30 June 2018 to 30 June 2023



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 -0.8% for the quarter.[1]

India (+11%), Taiwan (+7%) and Vietnam (+5%) were among the better-performing markets across the region during the quarter, while the Chinese (-5%) and Hong Kong (-8%) markets underperformed.[2] With core inflation back at acceptable levels and headline inflation helped by moderating energy and food prices, many Asian central banks have paused rate hikes, with the likelihood of forthcoming rate cuts increasing. In China, the breadth and persistence of the post-COVID recovery have proven somewhat disappointing. While we have seen a noticeable recovery in the service sectors, such as travel, the broader consumption of goods has been somewhat lacklustre. Following a strong start to the year, new property sales also started to cool in April, with both land acquisition and new property launches softer. There has also been a noticeable pick-up in secondary property sales.

Our larger holdings in India performed well during the quarter. Leading airline **InterGlobe Aviation** (+37%) is seeing the benefit of constrained capacity due to engine supply issues combined with robust demand for travel, which is translating to a record-high domestic market share of >60%.[3] High passenger yields, easing fuel prices and high load factors all helped profitability significantly. At the recent Paris Air Show, the company announced a record 500-aircraft order with Airbus to support its capacity

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.

2 Nifty 50, Taiwan TAIEX, Vietnam VN Ho Chi Minh Index, Shanghai Shenzhen CSI 300, Hang Seng China Enterprises Index, respectively, in local currency. Source: FactSet Research Systems.

3 Source: Ministry of Civil Aviation (MOCA).

expansion plans into the mid-2030s. Property developer **Macrotech Developers** (+46%) appreciated on the back of persistent demand in new property sales across its core Mumbai market, despite mortgage rate increases, and expectations that connectivity of its large township developments will improve upon the completion of key transport infrastructure.

Faced with a slump in personal computer and mobile demand and customer de-stocking of memory chips, **Samsung Electronics** (+13%) announced meaningful production cuts to help stabilise DRAM pricing, which also helped **SK Hynix** (+30%). Growing optimism surrounding cloud customers' potential inventory build to serve generative-AI applications also improved sentiment. Somewhat related, Korean semiconductor etchants manufacturer **Soulbrain** (+7%) also appreciated. **Taiwan Semiconductor Manufacturing** (TSMC) (+8%) recorded further gains on a bottoming in the semiconductor cycle and enthusiasm around foundry demand for AI-related chips, including NVIDIA's graphics processing units (GPUs).

Among other strong performers, Chinese white goods and air conditioner (AC) manufacturer **Midea** (+9%) appreciated due to recovering domestic AC demand, the growing success of its premium brands and optimism around its faster-growing business-to-business (B2B) segment. **MAP Aktif Adiperkasa** (+23% from our first entry point during the quarter), a recent addition to the portfolio discussed below, also appreciated.

Larger portfolio holdings across the Chinese property and technology sectors were among the weaker performers during the quarter after a strong bounce post the COVID reopening. **JD.com** (-23%), **Tencent** (-14%) and **ZTO Express** (-12%) detracted from performance despite improving operational performance.

Chinese property developers **China Resources Land** (-7%), **China Overseas Land & Investment** (-10%) and **China Vanke** (-15%) dragged on performance after a strong six months. Contract sales have started to cool since April, with primary property prices also receding. Some of this sequential weakness can be attributed to seasonality, and we have seen some stabilisation in sales in June, with a number of local governments adjusting down-payment ratios lower. State-owned enterprises (SOE) developers continue to outperform the more challenged private developers.

Among other weaker performers, **Nine Dragons Paper** (-18%) fell on renewed weakness in Chinese paper prices. **Ayala Land** (-8%) was also weaker, despite a pause in rate hikes and property sales continuing to recover.

Our short positions, in aggregate, were modest detractors to the Fund's returns. Currencies generally remain unhedged, providing a small headwind to the reported Australian dollar performance.

Changes to the Portfolio

During the quarter, we reduced exposure to stronger-performing holdings. We trimmed Chinese hotel chain operator **H World Group** and travel website **Trip.com**. While remaining meaningful positions, we also reduced our Indian holdings, including **Macrotech Developers** and **InterGlobe Aviation**. We exited our position in Indian auto original equipment manufacturer (OEM) **Maruti Suzuki** as the business is reporting cyclically high profitability and the market has recognised the opportunity regarding new SUV model launches and market share gains in this important category. We also trimmed our holdings in Korean battery cell maker **LG Chem** and Chinese robotics company **Estun Automation.**

Disposition of Assets

REGION	30 JUN 2023	31 MAR 2023	30 JUN 2022
China	46%	49%	49%
South Korea	14%	13%	8%
India	9%	7%	9%
Taiwan	7%	6%	5%
Vietnam	7%	6%	6%
Hong Kong	3%	4%	4%
Philippines	2%	2%	2%
Indonesia	2%	1%	1%
Macao	2%	2%	2%
Thailand	1%	1%	0%
Singapore	1%	1%	1%
Cash	7%	7%	14%
Shorts	-6%	-5%	-1%

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

Net Sector Exposures

SECTOR	30 JUN 2023	31 MAR 2023	30 JUN 2022
Consumer Discretionary	18%	19%	20%
Information Technology	16%	14%	14%
Industrials	16%	14%	12%
Real Estate	13%	13%	13%
Financials	10%	11%	10%
Materials	4%	5%	3%
Consumer Staples	4%	4%	4%
Communication Services	4%	4%	4%
Health Care	1%	1%	1%
Other	0%	0%	4%
Energy	0%	0%	0%
TOTAL NET EXPOSURE	86%	87%	85%

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

We increased our position in relatively new holding **Contemporary Amperex Technology Co. Ltd.** (CATL), China's leading electric vehicle (EV) battery maker, with a 37% global share and a 48% share in China in 2022.[4] CATL has a strong technology roadmap that we think should see it maintain a leading position in EV batteries, with battery chemistries suitable for low-, medium-, and high-range EVs. Particularly through advances in battery pack design, CATL has increased the pack-level power density of lithium iron phosphate (LFP) cell chemistry to help address medium-to-high-range EVs. CATL also remains the largest provider of energy stationary storage batteries and has a competitive NCM battery (a type of lithium ion battery) offering, currently supplying European OEMs. Concerns around a slowing Chinese EV market and OEMs not qualifying for benefits under the US Inflation Reduction Act (IRA) if CATL batteries are used in their supply chain have seen the shares sell off to more reasonable valuations. While EV penetration in China is much higher than in other countries (expected to reach 32% of sales in 2023[5]), EVs remain a fraction of the car fleet and an important pillar of China's broader decarbonisation plans.

The Fund also started a new position in **MAP Aktif Adiperkasa** (MAPA). MAPA is an Indonesian retailer that operates exclusive distribution licences for forty of the country's largest brands, with a skew towards sports categories and across a mix of ~1,300 mono-brand and omni-brand stores. MAPA remains a retail partner of choice for sports brands looking to build a presence in Indonesia, with strong relationships with mall operators via its parent company. Leveraging its partnership with brands, the business has also started to grow in the Philippines, Thailand, Malaysia and Singapore.

During the quarter, we also added to existing positions in Chinese e-commerce platform **PDD** and power tool manufacturer **Techtronic Industries**.

We ended the quarter with a net invested position of 86%.

Commentary

A combination of weak manufacturing export orders, a cooling in the residential property market and a tepid recovery in broad consumption beyond services such as travel converged into renewed concerns relating to China's economic recovery. This was led by a tapering of the post-COVID policy support following a stronger start to the year and in the context of a conservative "~5%" target for GDP growth by the State Council. Faced with deteriorating economic conditions, additional stimulus appears to be forthcoming. We have seen modest adjustments to the loan prime rate (LPR) and medium-term lending facility (MLF) rates. The People's Bank of China (PBoC) has also been injecting more liquidity into the system via reverse repo rate cuts. The common counter-cyclical monetary tools are seemingly being deployed, and this should translate to a credit impulse in the second half of 2023. Separately, we are seeing the first signs of other stimulus levers being pulled again, including the easing of property policies such as lower down payments on new property purchases and additional funding of stalled projects, in addition to tax exemptions for EV purchases. Special government bond issuance to support local infrastructure projects also increased to record monthly levels in June 2023, reaching RMB1.5 trillion.[6] While we could see further action taken post the July Politburo meeting, to date, these measures appear aimed at correcting the withdrawal of post-COVID stimulus early in the second quarter of 2023 rather than the "bazooka" stimulus seen in past downturns. Aggregate stimulus across monetary tools, credit, tax cuts and government incentives is estimated at 5.6% of GDP in 2023 vs. 9.5% in COVID-hit 2022 and 12.5% of GDP at the depth of the global financial crisis in 2009.[7]

After taking a backseat of late, Chinese SOE reform has again gathered momentum. Following the completion of a three-year review by the State-owned Assets Supervision and Administration Commission (SASAC), there have been a number of announcements from entities ranging from the China Securities Regulatory Commission (CSRC) to the Shanghai Stock Exchange encompassing restructuring, strategic positioning, corporate governance, and capital allocation efficiency. The main priorities are centred around improving returns to boost valuations, nurturing innovation and investment in advanced technologies, and aligning SOE's development with China's broader strategic goals, most notably self-sufficiency in critical technologies, energy and food security. While SOE reform is unlikely to yield the quick wins from the corporate governance reforms we are witnessing across Korea and Japan, in many cases, starting valuations remain low. At Platinum, we have not shied away from investing in SOEs, including leading property developers and banks. Two specific examples of interesting SOEs in the portfolio are **Yuan Longping High-Tech Agriculture**, an agriculture company that is leading the rollout of genetically modified corn seed, and **Weichai Power**, China's leading diesel heavy-engine manufacturer. Both of these companies are leaders in their respective industries, investing heavily in research and development.

During the quarter, members of the team visited India and Taiwan. This followed trips to Vietnam, Indonesia and Thailand over the last nine months. Given the pace of

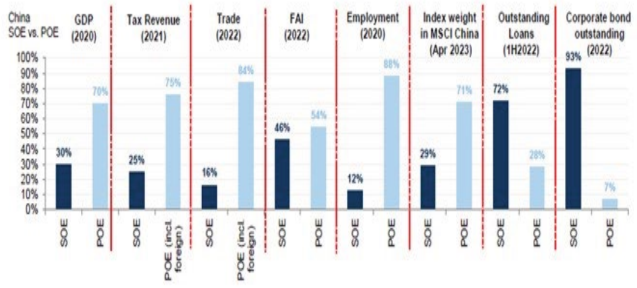
4 Source: JPM, SNE Research.

5 Source: Bernstein.

6 Source: Macquarie.

7 Source: Piper Sandler.

Fig. 1: State-owned enterprises are a significant part of the Chinese economy



Source: Wind, CEIC, Haver, Goldman Sachs Global Investment Research.

change witnessed across these dynamic countries, particularly post-COVID, these trips provide valuable insights that help to shape the portfolio. India holds the G20 presidency this year, coinciding with the country's 75th anniversary of independence. Symbolically, these remain important occasions ahead of the national elections next year.

The two overwhelming themes remained the resurgent residential property market and the country's growing ambitions as an export-oriented manufacturer in the region. We have talked about the optimism around the Indian property market in the past, and this was even more apparent on the ground. Unsold inventory remains at a decade low ~18 months, and we have seen pricing increases of 10-50% year on year across the top 10 metro cities after seven years of limited nominal price growth. Developers are accelerating property launches to meet growing demand, which hasn't been dented by ~250 basis points of mortgage rate hikes over the last 18 months. One example is New Delhi developer DLF, which sold out US$1 billion of units at its premium Arbour project within 72 hours.

The US$35 billion Production Linked Incentives (PLI) Scheme is quickly being formalised at a Ministry level and approved for specific companies. India's electronic exports have already tripled compared to pre-COVID levels at ~US$25 billion.[8] US semiconductor manufacturer Micron Technology recently announced a US$2.75 billion DRAM and NAND assembly and test facility in Gujarat. Apple CEO Tim Cook's visit to India coincided with an ambition to assemble as much as 25% of all iPhones in India by 2025 after tripling production in FY23.

Meanwhile, in Taiwan, intermediate Taiwanese electronic companies have benefited from the chip supply constraints through COVID, with revenue and margins cyclically elevated, making it difficult to get too enthusiastic at this juncture. Interestingly, many companies we met with during the trip were taking quite a pragmatic, customer-led view on supply-chain reshoring.

8 Source: Jefferies.

Outlook

We remain optimistic about the prospects for the Asian region in the medium term. Most countries have navigated through a challenging period well, emerging from COVID lockdowns while keeping inflationary pressures at bay with central banks ahead of the curve on monetary policy. Benefiting from wider populism, we have also seen many incumbent governments push through productive structural reforms that should yield economic benefits in future years. That said, we remain in a fairly active window for national elections. While we seek investments that are largely agnostic to political cycles, we do pay attention to politics. President Marco's transition to power in the Philippines post-election in 2022 was remarkably benign. Conversely, the recent election of the Move Forward Party in Thailand and the ongoing uncertainty around Pita Limjaroenrat's candidacy as prime minister serve as a reminder that these transitions are not always smooth. Next year, national elections are scheduled in India, Indonesia and Taiwan, which will be a focus for many, with the outcomes by no means certain based on early polls or recent state-level election results.

Our relatively high net invested position, compared to the historical average, reflects the prospective valuations on offer across most Asian markets and constituents. However, if and when market and/or stock valuations do become stretched, we will progressively add to short positions to protect the portfolio. That said, we continue to uncover new prospective investments across the region in an ongoing effort to refine the portfolio.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Taiwan Semiconductor	Taiwan	Info Technology	5.9%
Samsung Electronics	South Korea	Info Technology	5.4%
InterGlobe Aviation Ltd	India	Industrials	4.8%
Vietnam Enterprise Inv	Vietnam	Other	4.7%
ZTO Express Cayman Inc	China	Industrials	4.5%
SK Hynix Inc	South Korea	Info Technology	4.1%
Ping An Insurance Group	China	Financials	3.8%
Tencent Holdings Ltd	China	Comm Services	3.6%
China Resources Land Ltd	China	Real Estate	3.3%
Macrotech Developers Ltd	India	Real Estate	3.1%

As at 30 June 2023. 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

Platinum European Fund

Adrian Cotiga
Portfolio Manager

Nik Dvornak
Portfolio Manager

Performance

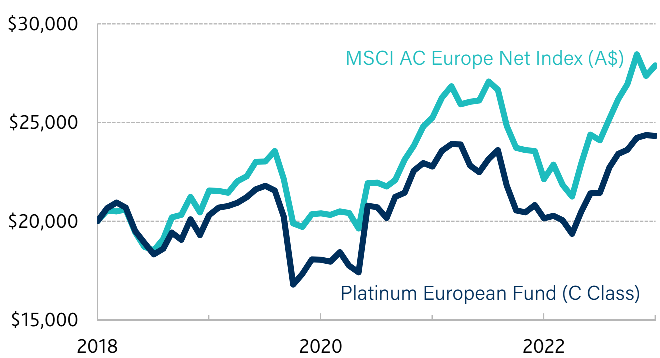
(compound p.a.+, to 30 June 2023)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum European Fund*	3%	21%	10%	4%	10%
MSCI AC Europe Index^	3%	26%	11%	7%	4%

+ 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

30 June 2018 to 30 June 2023



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 3.0% for the quarter.[1]

European equities ended the quarter modestly higher, supported by robust corporate earnings, which in turn benefited from euro depreciation in 2022 and a surprising degree of pricing power.

Euro Area inflation peaked at 10.6% p.a. in October 2022.[2] Wage inflation was around 5% p.a. at the time. This resulted in a large income transfer from labour to business, which is unlikely to persist. Indeed, inflation has now decelerated to 5.5% p.a., while wage inflation is practically unchanged.

The yield on two-year German bunds is currently 3.2% p.a., below core inflation at 5.4% p.a. It is also below the European Central Bank (ECB) policy rate of 3.5% p.a., with more rate hikes flagged.[3] This low yield implies that bond markets expect significant rate cuts at some point over the next 24 months, presumably due to disinflation and slowing economic activity. This is at odds with buoyant equity markets.

Among our best-performing stocks were **Applus Services** (+37%), **Ryanair** (+17%) and **ASML** (+6%). Applus is a Spanish-domiciled testing, inspection and certification business trading on a low valuation, which has attracted interest from private equity groups. Ryanair is benefiting from a resurgence in travel demand, while ASML is expected to enjoy strong demand for its lithography equipment as companies invest to develop artificial intelligence (AI) capabilities.

Noteworthy detractors included **Bayer** (-14%), **Fondul Proprietatea** (-9%) and **BioNTech** (-13%). On the latter, we invested in BioNTech some years ago, attracted by its excellent research team and prospective drug pipeline. The stock has fallen around 70% from its 2021 highs as investors fret that COVID-booster sales will be weak. We recently began re-establishing a position. Not only does BioNTech still have the same excellent research team and drug pipeline that initially attracted us to the company, but they now also have EUR 20 billion of cash in the kitty.

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.

2 All economic data is sourced from https://tradingeconomics.com/

3 Source: FactSet Research Systems.

Changes to the Portfolio

Since there were no significant changes to the Fund over the last quarter, we will instead discuss the progress of the single largest investment theme the Fund has been exposed to over the past three years: A recovery in travel demand.

Our investment philosophy is premised on:

- Looking for opportunities in out-of-favour segments of the market.
- Seeking out situations where investors are overreacting to transitory shocks due to psychological biases.
- Investing with a 3-5-year investment horizon.

Our decision to invest over 20% of the Fund's capital in travel-related businesses during the darkest days of the COVID pandemic is a case in point. We explained this decision in our June 2020 Quarterly Report as follows.

"Naturally, 2020 will be the ultimate exception with the industry deep in uncharted territory. Europe's largest carrier reported a 99.6% fall in passenger volumes in April. Few are willing to buy a business in an industry undergoing such a violent contraction in demand, especially when they've never experienced a global pandemic and have no precedent for when or how it might be resolved.

Therein lies the opportunity. Travellers have disappeared but the innate human desire to travel has not."

Disposition of Assets

REGION	30 JUN 2023	31 MAR 2023	30 JUN 2022
United Kingdom	27%	27%	22%
Germany	9%	8%	7%
Switzerland	8%	8%	8%
France	7%	7%	7%
Netherlands	6%	6%	4%
Ireland	6%	5%	5%
Romania	6%	8%	8%
Spain	4%	3%	3%
Austria	3%	3%	4%
United States	3%	4%	3%
Australia	2%	2%	1%
Norway	2%	2%	1%
Finland	2%	2%	2%
Czech Republic	1%	1%	2%
Sweden	1%	1%	1%
Hungary	0%	0%	0%
Belgium	0%	0%	1%
Italy	0%	1%	4%
China	0%	0%	2%
Cash	12%	11%	16%
Shorts	-30%	-26%	-26%

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

Most investors avoided travel-related businesses at the time, as evidenced by the sharp falls in those stock prices. Some may have shared our view but avoided buying because they feared the reaction of superiors or clients. Others may have been reluctant to seize the opportunity because the lack of a precedent made them feel too uncomfortable; fear of the unknown is an innate human trait too.

For our part, we had over 20% of our capital invested in travel-related businesses at the time. These included **Booking Holdings**, **Ryanair**, **Airbus**, **Aeroports de Paris**, **MTU Aero Engines**, **Amadeus**, **Informa** and **Compass**. We knew 2020 would be a trial by fire for them all, but we believed they were all well-positioned to emerge stronger and more profitable within 3-5 years.

Now that three years have passed, how have some of these businesses performed?

Ryanair is Europe's largest domestic airline.[4] Their disruptive low-cost model allowed them to offer extremely cheap tickets profitably, undercutting much larger and better-resourced incumbents. Ryanair made a record loss in 2020 as consumers abandoned travel plans. However, we believed their strong financial position would allow them to negotiate highly favourable terms with suppliers (labour, airports, Boeing), which would leave them well-placed when passengers returned. Ryanair is expected to earn EUR 1.8 billion pre-tax this year and then continue growing.

Ryanair

EUR, 000s	Mar '20	Mar '21	Mar '22	Mar '23	Mar '24E	Mar '25E	Mar '26E
Sales	8,495	1,636	4,801	10,775	12,867	14,106	15,278
Pre-tax Income	670	-1,109	-430	1,443	1,891	2,504	2,884

Source: FactSet Research Systems.

4 Source: Statista.

Net Sector Exposures

SECTOR	30 JUN 2023	31 MAR 2023	30 JUN 2022
Financials	28%	30%	29%
Industrials	17%	16%	15%
Consumer Discretionary	8%	9%	10%
Health Care	7%	7%	7%
Information Technology	7%	6%	1%
Communication Services	7%	6%	6%
Materials	4%	4%	3%
Energy	3%	4%	4%
Real Estate	2%	2%	2%
Consumer Staples	2%	2%	2%
Other	-25%	-22%	-22%
TOTAL NET EXPOSURE	58%	63%	58%

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

Booking Holdings is a leading global online travel agent (OTA). These businesses require a large sales force (feet on the street) to acquire and service their suppliers, namely hotels and airlines. However, once established, there are strong network effects at play, and incremental margins are very high. Moreover, the business requires little capital to grow. In short, in our view, this is a great business. Even better, the industry is highly consolidated, and its main competitor, Expedia, was hamstrung by the fact that it hadn't adequately integrated its many acquisitions. Booking's earnings fell sharply in 2020 when demand evaporated, but pre-tax profit is expected to return to pre-COVID levels this year and then continue growing.

Booking Holdings

USD, 000s	Dec '19	Dec '20	Dec '21	Dec '22	Dec '23E	Dec '24E	Dec '25E
Sales	15,066	6,796	10,958	17,090	20,632	22,969	25,071
Pre-tax Income	5,958	567	1,465	3,923	6,006	6,993	7,978

Source: FactSet Research Systems.

Airbus, alongside Boeing, is part of a global duopoly that produces large passenger aircraft. Developing modern aircraft costs billions, takes over a decade, and requires a critical mass of specialised engineers. Barriers to entry are high, with customer trust earned over many years. Demand for modern aircraft models is strong, driven by pressure to reduce fuel costs and CO2 emissions. Airbus entered COVID with an order backlog stretching many years into the future. However, as airlines deferred orders during the pandemic, Airbus found itself in a difficult position. They couldn't risk standing down their highly specialised workforce in case they moved on. Airbus ended up losing over EUR 1 billion in 2020. However, they are expected to earn almost EUR 6 billion pre-tax this year and then continue growing.

Airbus

EUR, 000s	Dec '19	Dec '20	Dec '21	Dec '22	Dec '23E	Dec '24E	Dec '25E
Sales	70,478	49,912	52,149	58,763	64,306	72,496	82,342
Pre-tax Income	765	-1,169	4,987	4,941	5,864	7,243	9,367

Source: FactSet Research Systems.

Over the last three years, we have trimmed many of our travel-related positions and sold Amadeus, Aeroports de Paris and MTU Aero Engines entirely. We believe that the companies we own in this space are outstanding businesses, and we will continue to hold them until we feel they are overvalued or there are better opportunities available elsewhere. Today, travel-related businesses continue to account for around 20% of our invested capital, despite our trimming. This is primarily due to strong stock price performance; these positions have, on average, appreciated 40% over the past year.

Outlook

European equities have recovered most of the ground lost during 2022, with both the German DAX and French CAC 40 indexes sitting near all-time highs. We reiterate that the benign outlook implied by equity markets is at odds with that of the bond market, which expects meaningful interest rate cuts over the next two years as the economy weakens.

Moreover, the economic environment is not particularly rosy. Short-term interest rates across Europe are significantly higher than they were a year ago, core inflation is showing resilience, and central banks continue to suggest there are more rate hikes to come. The tailwind of a weaker euro in 2022 will likely become a headwind over the next year. Inflationary pressures are fading, implying less pricing power for businesses, while wage pressures are unlikely to ease with unemployment at record lows. Moreover, geopolitical risk remains high, and China's post-COVID recovery is proving somewhat tepid.

Offsetting this, energy prices in Europe have normalised, consumer confidence has improved significantly and the US economy remains remarkably resilient.

Overall, the seeming disconnect between strong equity markets and the tepid economic outlook leaves us cautious, and this is reflected in our positioning. The Fund is currently 58% net invested, with 12% in cash and 30% in short positions.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Airbus SE	France	Industrials	4.7%
Informa PLC	UK	Comm Services	4.7%
Ryanair Holdings PLC	Ireland	Industrials	4.4%
Beazley PLC	UK	Financials	4.4%
ASML Holding NV	Netherlands	Info Technology	4.2%
Applus Services SA	Spain	Industrials	4.1%
Banca Transilvania SA	Romania	Financials	3.7%
Bayer AG	Germany	Health Care	3.5%
Barclays PLC	UK	Financials	3.2%
St James's Place PLC	UK	Financials	3.0%

As at 30 June 2023. 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

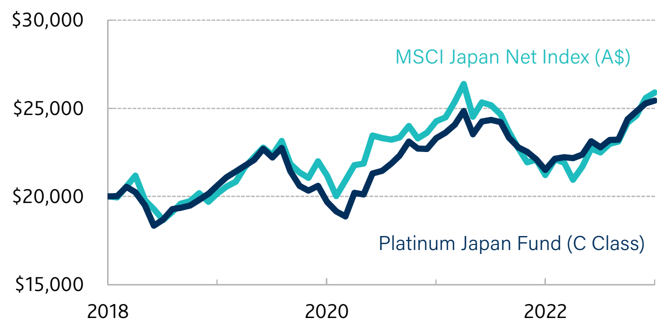
(compound p.a.+, to 30 June 2023)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Japan Fund*	4%	18%	9%	5%	13%
MSCI Japan Index^	7%	22%	7%	5%	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

30 June 2018 to 30 June 2023



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 4.4% for the quarter.[1]

Buoyant market conditions assisted the Fund's return, with the Japanese equity market rising a strong 15.6% over the quarter in local currency terms, as foreign investors net-bought more than US$50 billion of Japanese equities for the calendar year to date,[2] an amount not seen since the Abenomics boom in 2013.

The foreign buying was triggered by the media attention following Warren Buffett's visit to Japan in April, where he met with the management of his sogo shosha (trading company) holdings. This drew attention to the major changes in corporate governance that have taken place over the last decade or so, which culminated in the call this year by the Tokyo Stock Exchange (TSE) for companies to publish detailed plans on improving their corporate value so as to achieve a trading valuation of greater than 1x their price-to-book value.[3] The TSE's move, together with increasing pressure from shareholders and a general sense of a shift in the zeitgeist, resulted in company after company announcing increased profit targets and much greater cash returns to shareholders. Early-mover global investors cottoned on to this reform story and bought large swathes of Japanese stocks, before other foreign investors, seeing the index rally and news their peers were buying, also jumped on the bandwagon. For more detail on the foreign buying of Japanese equities and share market performance, see our feature article *How Japan Regained Its Mojo.*

Unfortunately, our performance was constrained by a lack of exposure to the primarily large-capitalisation beneficiaries of the foreign inflows. In particular, the sogo shosha (which rallied as investors sought to copy Buffett's investments in that space) atypically moved in the opposite direction to the commodity prices that drive their profits. Later in the quarter, the artificial intelligence (AI) investment thematic took hold, benefiting our positions in memory chipmaker **SK Hynix** (+30%), semiconductor equipment manufacturer **Tokyo Electron** (+28%) and specialty chemicals player **Fuso Chemical** (+20%).

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.

2 Source: Osaka Stock Exchange, Tokyo Stock Exchange, Nomura. Two cash markets plus futures, calendar year to 16 June 2023.

3 Source: https://www.jpx.co.jp/english/news/1020/dreu250000004n19-att/dreu250000004n8s.pdf

Disposition of Assets

REGION	30 JUN 2023	31 MAR 2023	30 JUN 2022
Japan	83%	84%	77%
South Korea	7%	9%	8%
Cash	10%	7%	14%
Shorts	-7%	-7%	-2%

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

Net Sector Exposures

SECTOR	30 JUN 2023	31 MAR 2023	30 JUN 2022
Information Technology	27%	28%	21%
Materials	20%	18%	16%
Industrials	19%	22%	20%
Consumer Staples	8%	8%	9%
Communication Services	5%	3%	6%
Financials	2%	2%	0%
Health Care	2%	2%	2%
Consumer Discretionary	1%	4%	8%
Real Estate	-3%	-3%	0%
TOTAL NET EXPOSURE	83%	85%	83%

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	6.9%
Fuji Soft Inc	Japan	Info Technology	4.1%
MinebeaMitsumi Co Ltd	Japan	Industrials	3.9%
DTS Corp	Japan	Info Technology	3.9%
Taisei Corp	Japan	Industrials	3.8%
Nittetsu Mining Co Ltd	Japan	Materials	3.3%
Fuso Chemical Co Ltd	Japan	Materials	3.0%
Nintendo Co Ltd	Japan	Comm Services	3.0%
Toho Titanium Co Ltd	Japan	Materials	3.0%
Keisei Electric Railway	Japan	Industrials	3.0%

As at 30 June 2023. 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

Other contributors to performance included Korean small excavator brand **Doosan Bobcat** (+34%), which rallied on continued strong demand for its products in the US, and console gaming giant **Nintendo** (+27%), which benefited from the buzz around its hit "The Super Mario Bros." movie, as well as the weak yen given most of its earnings are from outside Japan. We also saw a strong contribution from our largest position **Toyo Seikan** (+16%), which was one of those companies to release a much-improved management plan to enhance its corporate value, including a commitment to return cash to shareholders via dividends and buybacks over the next five years, amounting to more than 50% of the company's market capitalisation at the time of the announcement.[4]

The largest detractor from performance was titanium manufacturer **Toho Titanium** (-21%), which retreated on disappointment over the rate at which it has been able to increase prices to customers. We continue to see strong prospects for this business owing to the removal of Russian supplier VSMPO from the aerospace supply chain, leaving Toho and Osaka Titanium as the only two remaining suppliers globally. Toho's lack of pricing to date is a result of contracts signed during a period of oversupply in the market, but these should roll off next year, and the market is becoming chronically undersupplied. We also saw negative performance from payments provider **Digital Garage** (-12%) as initial excitement around an activist shareholder's campaign wore off and seismic surveyor **Oyo** (-10%) as margins were crimped by the lag between incurring increased costs and pricing new projects.

The weak yen also impacted the Fund's return when translated into Australian dollars. At the beginning of June, we hedged a large portion of our yen exposure back to the US dollar, but unfortunately, the yen had already moved from around ¥133 to ¥140 to the USD (¥144 at the time of writing). The USD has been strong, so hedging the yen into the USD is positive for the Australian dollar return.

Changes to the Portfolio

During the quarter, we added a new position in construction firm **Taisei Corporation**. Taisei is one of Japan's four major construction companies and stands to benefit from a substantial increase in domestic investment as supply chains are reshored due to geopolitics and Japan's highly competitive labour costs, thanks to the weak yen. Taisei has the added attractiveness of trading at close to its book value, more than half of which is comprised of cash and investment securities. We also established an initial position in an overcapitalised snack brand owner, which is exhibiting low profitability as a result of input cost increases yet to be passed through in pricing to customers and a poor

4 Source: Company filings.

management strategy. We see significant upside if the company were to undertake a restructuring of its business portfolio and alter its allocation of internal resources to support key brands.

We added to our positions in **Toho Titanium** and **Digital Garage** on share price weakness. We also added to **Nintendo** following news of the initial success of the Super Mario movie due to what that may imply for an ongoing film revenue stream from its Mario-related and other intellectual property. Already, Donkey Kong and Zelda movies are rumoured to be in the works.

Conversely, we exited our long-time holding in building products manufacturer **Lixil** as evidence surfaced that hopes for an improved competitive environment for its domestic window sash business were unlikely to manifest and on concerns over the likelihood of continued weakness in the European and US renovation markets. More pleasingly, we were able to trim several positions on strength and rebalance into other, more prospective ideas. These included **Doosan Bobcat**, **Fujitec** (+57% since first purchase in May 2021), **Fuji Soft** (+61% since first purchase in March 2022) and **Toyo Seikan** (+54% since first purchase in May 2021).

Outlook

We continue to view the outlook for Japanese stocks very positively. Despite the strong rally year to date, Japan remains cheap when compared to other developed markets. While many larger capitalisation stocks have re-rated upwards from very cheap levels without necessarily experiencing significant improvement in the prospects of their future earnings, large swathes of the market remain at bargain levels, with great potential for "self-help" improvement in profitability and cash returns to shareholders. Self-help is likely to be bolstered via an ongoing push by ever-more involved and assertive shareholders to have management teams carry out their role as shareholders' agents in a more appropriate fashion. That is to say, with a greater focus on appropriate governance, profitability and capital stewardship.

Management teams now feel significantly greater pressure to listen to shareholders' views and respond to requests for improvement. Recent, very public examples have outlined the potential consequences when managers behave badly or are not acting effectively. In the case of elevator manufacturer Fujitec, the founding family lost control of the company after an activist investor succeeded in replacing the majority of the company's independent directors (the Fund owned Fujitec through this period and continues to own the stock).

In the case of Seven & I Holdings, the parent company of the 7-Eleven convenience store chain franchise, management had to defend a public campaign where, even though the activist's extraordinary general meeting (EGM) proposals were voted down, the company's management team suffered the embarrassment of a significant portion of shareholders expressing their displeasure with the company's strategy via their votes (the Fund had no position in Seven & I).

The final shoe to drop may be the opening of the market for corporate control. In June, a slate of directors proposed by the family office of the Nintendo heirs won control of the board of Toyo Construction after the board refused to consider a bid at a large premium to a friendly deal Toyo had agreed with Infroneer. This is a clear warning to any board in Japan that finds itself in similar circumstances in the future, and so potentially opens the door to successful unsolicited takeover offers. Given the overcapitalised balance sheets and lacklustre profitability of much of the market, the potential upside to stocks if such bids become commonplace is clear.

Meanwhile, foreign investors continue to buy the market. When we saw this level of buying in 2013, the bull market persisted for some time after the foreign inflows peaked. To paraphrase Mark Twain, while history never repeats, it often rhymes. In this case, the rhyme may not be perfect, but the setup certainly appears attractive.

Platinum International Brands Fund

James Halse
Portfolio Manager

Performance

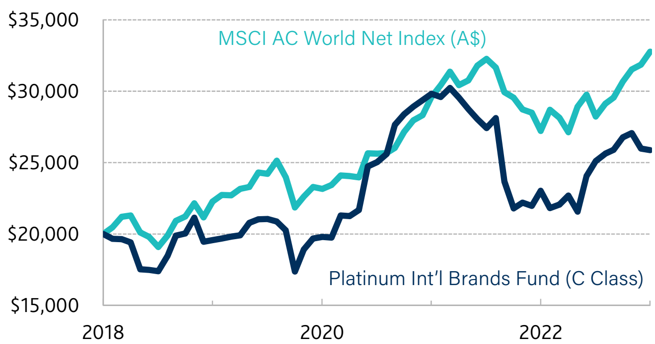
(compound p.a.+, to 30 June 2023)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Brands Fund*	-3%	12%	9%	5%	11%
MSCI AC World Index^	7%	20%	12%	10%	5%

+ 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

30 June 2018 to 30 June 2023



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 -3.4% for the quarter.[1] This is a disappointing outcome in the context of buoyant global markets and reflects our geographic positioning and net exposure levels.

We have positioned the Fund with a relatively low net exposure due to our concerns about the outlook for developed market consumption given the likely impact of rapid interest rate increases on the broader economy. While in some markets and sectors we have seen rate rises cause a degree of turmoil (US regional banks, home-related spending, used car dealers, Sydney house prices), we have yet to really see this impact wage growth and employment. Indeed, renewed optimism about the state of the consumer drove a rally in discretionary consumption stocks during the quarter. "Meme" stocks, electric vehicle stocks and other highly speculative issues were also beneficiaries of this reversal in sentiment.

Our net short position in US stocks meant we did not fully benefit from the strength in US markets, and the Fund is unable to own (due to its consumer brands focus) the vast majority of the Nasdaq stocks most exposed to the burgeoning artificial intelligence (AI) thematic. Our sizeable exposure to poorly performing Chinese stocks (-3% contribution to performance) also weighed on the Fund's performance, as the anticipated rebound in the Chinese consumer has been weaker than expected.

Our Japanese investments delivered a positive return in local currency terms, but the weak yen meant this translated to a negative return in Australian dollar (AUD) terms. At the beginning of June, we hedged a large portion of our yen exposure back to the US dollar (which has been strong), but not before we incurred the negative effects of the move from around ¥133 to ¥139 to the USD (¥144 at the time of writing).

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

In terms of individual stocks, Facebook owner **Meta Platforms** (+35%), Google parent **Alphabet** (+15%) and **Netflix** (+28%) were three of the top four individual stock contributors, a symptom of the strength of the US technology/communications sector during the quarter.

Alphabet, originally seen as a loser in AI due to competition from ChatGPT in search, is now viewed as a winner following the launch of its "Bard" chatbot, which perhaps aptly illustrates the short-termism of markets. Meta is viewed as a beneficiary, as generative AI likely helps it create rich advertising content on behalf of brands quickly and at a low cost. Netflix benefited from data illustrating the success of its crackdown on password sharing across multiple households, which has led to improved subscriber numbers.

UK discount retailer **B&M European Value Retail** rose 16% on continued strong sales. Japanese-listed global brewer **Asahi** (+13%) benefited from price hikes boosting profits as well as yen weakness, which favourably impacts the translation of its foreign earnings into yen. Console gaming company **Nintendo** (+27%) also benefited from the translation effect as well as the success of the hit film "The Super Mario Bros.", which leverages its key intellectual property and is the top-grossing movie of 2023. Already, two further films using Nintendo intellectual property, "Donkey Kong" and "Zelda", are rumoured to be in development. Besides the earnings from royalties, with speculation they could be as much as 30% of the box-office take, the cinematic experience provides a positive feedback loop for the game content and will likely drive greater sales of Switch consoles and games. Essentially, Nintendo is being paid for conducting a mass marketing campaign!

Weak performers included every Chinese stock in the portfolio, particularly infant formula maker **China Feihe** (-26%), e-commerce grocery player **Dingdong** (-20%), e-commerce platform **JD.com** (-23%) and Macau casino operator **Melco International Development** (-20%).

China Feihe fell as fears rose over increased competition as a result of an ongoing lull in new births. We expect this situation to improve as people return to more normal behaviour post-pandemic, get married and start families.

Dingdong disappointed the market with its first-quarter result, revealing a greater benefit from the pandemic in the prior year than investors had appreciated. The stock remains very cheap on reasonable expectations of its earnings potential but is going through a reset of its cost base and growth strategy.

Disposition of Assets

REGION	30 JUN 2023	31 MAR 2023	30 JUN 2022
Asia	39%	37%	50%
Japan	21%	18%	17%
Europe	17%	16%	10%
North America	15%	17%	16%
Other	0%	0%	0%
Cash	9%	12%	6%
Shorts	-38%	-29%	-43%

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

Net Sector Exposures

SECTOR	30 JUN 2023	31 MAR 2023	30 JUN 2022
Consumer Discretionary	31%	33%	57%
Consumer Staples	18%	13%	14%
Communication Services	6%	9%	10%
Information Technology	3%	2%	0%
Financials	3%	2%	2%
Industrials	2%	3%	4%
Other	-10%	-4%	-35%
Real Estate	0%	0%	0%
TOTAL NET EXPOSURE	53%	59%	52%

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

JD.com suffered from generally weak consumer sentiment and an ongoing tough competitive environment but appears to be maintaining its share of the e-commerce market despite the gains of newer entrants.

Melco International saw its price diverge significantly from that of its underlying holding in US-listed Melco Resorts & Entertainment, which fell by only 4%. Melco International's lower liquidity and trading in Hong Kong likely saw the stock influenced by technical dynamics unrelated to its fundamental value. We expect this price divergence to correct in time and will stay patient.

Our position in vertically integrated Japanese payments player **Digital Garage** (-12%), which has large consumer-facing investments, also detracted from performance during the quarter. Price weakness reflected a waning in the market's excitement around an activist's involvement in the company as prospects of a speedy resolution to the situation dimmed.

Our short positions reduced the Fund's return by 2.1% in the quarter.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Prosus NV	China	Cons Discretionary	4.3%
Nien Made Enterprise Co Ltd	Taiwan	Cons Discretionary	3.4%
Puma SE	Germany	Cons Discretionary	3.2%
Digital Garage Inc	Japan	Info Technology	3.1%
Keisei Electric Railway Co	Japan	Industrials	3.0%
Asahi Group Holdings Ltd	Japan	Consumer Staples	3.0%
Haleon PLC	US	Consumer Staples	2.9%
JD.com Inc	China	Cons Discretionary	2.8%
Meta Platforms Inc	US	Comm Services	2.8%
Fu Shou Yuan International	China	Cons Discretionary	2.8%

As at 30 June 2023. 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

Changes to the Portfolio

We added four new positions to the portfolio during the quarter. The first was a relatively small position in Indonesian sportswear retailer **MAP Aktif Adiperkasa** (MAPA). We were able to participate in a secondary issuance via an institutional bookbuild that allowed us to enter at an attractive discount to the market price, which itself already represented attractive value. The stock has since rallied, likely owing to improved trading liquidity following the sale by the cornerstone shareholder to institutional investors and growing awareness of the story.

We also acquired holdings in Japanese candy and snacks maker **Ezaki Glico** on prospects of improved earnings and an attractive valuation, liquor maker **Pernod Ricard** as we anticipate improvements in sales growth and profits from internal reforms to its sales and marketing approach, and Japan's **Keisei Electric Railway**. Keisei owns a stake in the parent company of Tokyo Disneyland, which has a trading market value of more than twice Keisei's market capitalisation. Keisei's rail line to Narita airport also stands to benefit from a rebound in tourism post the ending of pandemic restrictions, spurred on by the weak yen.

We exited our long-time holding in building products manufacturer **Lixil** as evidence surfaced that hopes for an improved competitive environment for its domestic window sash business were unlikely to manifest and on concerns over the likelihood of continued weakness in the European and US renovation markets.

Conversely, we exited our position in KFC owner **Yum China** (+64% from our first entry point in May 2022 to our exit point in April 2023) as the underlying business was recovering well and the stock's valuation became stretched.

We added to several positions on weakness, including **China Feihe**, **Digital Garage**, **Dingdong** and apparel retailer **Aritzia**, and trimmed several positions on strength, including **Asahi**, **Netflix** and **Alphabet**.

Outlook

We remain cautiously positioned, particularly in relation to the US market, where stocks have rallied on optimism that, in our view, appears unjustified. Consumer spending has been propped up by people dipping into excess savings accumulated during the pandemic. A recent paper by the US Federal Reserve draws the conclusion that these excess savings have now been exhausted in the US and that consumers are reaching ever further into their piggy banks, drawing down savings to levels well below the historical average.[2] Suffice it to say, this is clearly unsustainable, and at some point in the not-too-distant future, consumers will need to start living within their means.

This dynamic is compounded by the resumption of payments on student loans following the expiry of the pandemic-era forbearance measure, and following a recent decision by the Supreme Court that disallowed President Biden's student loan forgiveness scheme, payments will be in relation to the full balances of the loans. Estimates are for a monthly hit to consumer spending of as much as US$14 billion, a close to 1% headwind to overall consumer spending.

Conversely, while China has not rebounded as quickly as hoped, extreme pessimism prevails in the stock market, leading to attractive valuations, inflation is benign, signs of recovery are present, and monetary policy is leaning more toward stimulus than restriction. The Fund's positioning reflects these contrasting pictures.

2 Source: https://www.federalreserve.gov/econres/notes/feds-notes/accumulated-savings-during-the-pandemic-an-international-comparison-with-historical-perspective-20230623.html

Fig. 1: Evolution of savings rates during the COVID-19 pandemic

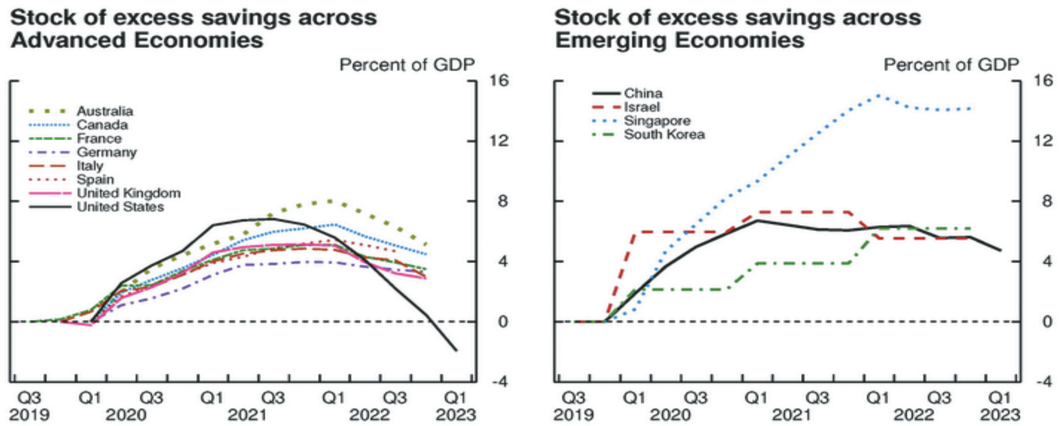


Fig 2a. (Left Figure)
Note: Stock begins accumulating from 0 at t=-1, where t=0 is the fist period of low growth due to COVID-19. Excess savings are calculated as deviation from the predicted savings rate using a Hamilton trend.
Source: Haver Analytics; authors' calculations.

Fig 2b. (Right Figure)
Note: Data is annual for Israel and South Korea. Stock begins accumulating from 0 at t=-1, where t=0 is the fist period of low growth due to COVID-19. Excess savings are calculated as deviation from the predicted savings rate using a Hamilton trend, except for South Korea where it is calculated as deviation from the 2019 rate due to data availability.
Source: Haver Analytics; authors' calculations.

Source: US Federal Reserve, Haver Analytics.

Platinum International Health Care Fund

Dr Bianca Ogden
Portfolio Manager

Performance

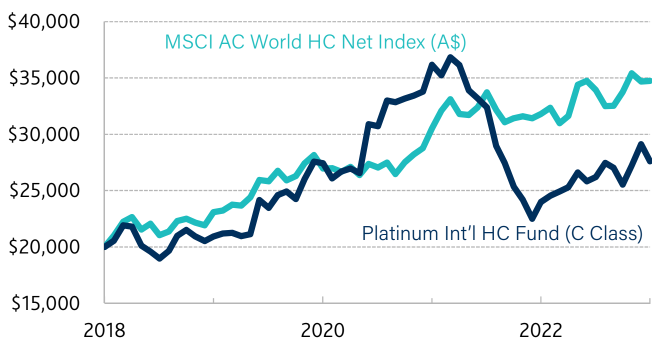
(compound p.a.+, to 30 June 2023)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l HC Fund*	8%	15%	0%	7%	9%
MSCI AC World HC Index^	3%	9%	9%	12%	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

30 June 2018 to 30 June 2023



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 8.1% for the quarter.[1]

The macro overhang remains a distraction from an otherwise very interesting healthcare and biotech environment. Similarly, the pursuit of anything AI-related is also unhelpful, with stock moves not related to any real company progress.

Consolidations continue in the biotech space, while life science tool companies continue to move through the "COVID and biotech normalisation" phase. Many customers are working through their inventories and delaying purchases, while smaller biotech customers are tightening their purse strings significantly. The need for new manufacturing capacity is limited at this stage, given the investments that have happened in previous years, particularly in cell and gene therapy.

Medtech is all about improving utilisation, which is gradually happening, however, given concerns about a recession, uncertainty continues to be an overhang.

Prometheus Biosciences (+81% to exit point during the quarter), a company we have mentioned in our quarterly reports on a number of occasions, was a standout performer over the quarter. The stock rallied early in the quarter on news that Merck was the successful bidder for the company, paying US$11 billion, with the acquisition completed in June. Merck paid US$200 per share for the company, which represented a 75% premium to the previous day's closing price. We have held Prometheus in the Fund since its initial public offering (IPO) in March 2021, and it has been a very strong contributor to the Fund's performance over the last two years.[2]

Another key contributor to the Fund's performance included **Telix Pharmaceuticals** (+63%), which had a great quarter with its prostate cancer imaging agent, Illuccix, posting solid sales, followed by an analyst's day that highlighted the company's solid commercial infrastructure in the US.

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 and index returns are quoted in local currency terms and sourced from FactSet Research Systems, unless otherwise specified.

2 Source: https://www.merck.com/news/merck-strengthens-immunology-pipeline-with-acquisition-of-prometheus-biosciences-inc/. For more details on Prometheus Biosciences please see the Fund's December 2022 quarterly report: https://www.platinum.com.au/PlatinumSite/media/Reports/pihfqtr_1222.pdf

Icosavax (+71%), a US biotech that focuses on viral-like particle vaccines for respiratory diseases, announced positive data for its RSV/hMPV combination vaccine and also successfully completed an equity raise.

Similarly, **Ideaya Biosciences** (+71%) announced several positive news items for its lead drug, Darovasertib. Positive data in first-line metastatic uveal melanoma when combined with Crizotinib, highlights that Ideaya has a viable drug on its hands. The company also announced that there is now an agreement with the US Food and Drug Administration (FDA) on the design of the registrational trial for Darvoasertib. We participated in the subsequent equity raise.

Biogen (+2%)/Eisai's Alzheimer's disease antibody therapy Leqembi recently received full approval, which again highlights that biomarkers are here to stay. **Quanterix** (+100%) is uniquely positioned in this space, given that its technology focuses on biomarkers in neurodegenerative diseases. During the quarter, Quanterix showed good progress in adjusting its cost base and maintaining a healthy balance sheet.

On the negative side of the ledger, **Mersana Therapeutics** (-20% to exit point) and **Coherus Biosciences** (-43% to exit point) were key detractors from performance over the quarter. Mersana's ovarian cancer trial was put on hold due to the side effects of its antibody-drug conjugate, while Coherus announced the acquisition of an immuno-oncology therapy that dilutes its progress in biosimilar products. Given the significant changes at both companies, we exited both investments.

UCB's performance was also disappointing (-2%) and reflects ongoing approval delays in the US for its anti-inflammatory antibody Bimekizumab, a treatment for plaque psoriasis.

During the quarter, we added a new position in **Vera Therapeutics**, a company that focuses on IgA nephropathy, a disease of the kidney and immune system that needs new therapies.

Commentary

Inflammatory diseases represent the backbone of several pharmaceutical (pharma) companies, or in Johnson & Johnson's case, a key franchise of its pharma division. We are entering the next chapter for inflammatory diseases, and many companies are getting positioned. While there are a number of therapeutic options for inflammatory diseases, none are curative, and response rates as well as the duration of responses need improvement.

Disposition of Assets

REGION	30 JUN 2023	31 MAR 2023	30 JUN 2022
North America	44%	44%	44%
Europe	25%	24%	23%
Australia	14%	16%	13%
Japan	3%	4%	4%
Asia	3%	3%	4%
Other	1%	1%	1%
Cash	11%	8%	11%
Shorts	0%	0%	-3%

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

Net Sector Exposures

SECTOR	30 JUN 2023	31 MAR 2023	30 JUN 2022
Biotechnology	60%	56%	54%
Pharmaceuticals	23%	26%	25%
Life Sciences Tools & Services	4%	7%	5%
Electronic Equipment	1%	1%	2%
Other	1%	1%	0%
TOTAL NET EXPOSURE	89%	92%	86%

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	6.6%
Bayer AG	Germany	Pharmaceuticals	3.3%
Sanofi SA	US	Pharmaceuticals	3.3%
Telix Pharmaceuticals Ltd	Australia	Biotechnology	3.1%
Exscientia Plc	UK	Biotechnology	2.9%
Takeda Pharmaceutical	Japan	Pharmaceuticals	2.9%
UCB SA	Belgium	Pharmaceuticals	2.7%
Icosavax Inc	US	Biotechnology	2.6%
Quanterix Corp	US	Life Sciences Tools	2.4%
Roivant Sciences Ltd	US	Biotechnology	2.4%

As at 30 June 2023. 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

The landscape of new drugs in development for anti-inflammatory diseases is vast. Biologics have been a key therapeutic modality in this space, requiring intravenous infusions or frequent injections.

Many companies focus on the same drug targets, albeit attacking them with different therapeutic modalities, such as oral molecules, antibodies or different protein scaffolds. Other companies focus on extending the half-life of a product (i.e. the time it takes for a dose of a particular substance to decrease to half of its starting dose in the body) and hence achieve a better delivery schedule. These approaches are interesting, although commercial success is not straightforward and needs to be assessed carefully.

The more commercially impactful approach, albeit with higher risk, focuses on less validated or "hard to tackle" targets. TL1A[3] had been a less-validated target until last year when data from Prometheus Biosciences highlighted its clinical attractiveness. In late 2022, Prometheus announced solid phase 2 data for its anti-TL1A antibody in ulcerative colitis and Crohn's disease patients. In addition, Prometheus also showed that its proprietary genetic marker algorithm increases the likelihood of responders. These results essentially showed that Prometheus had a very competitive drug. Fifteen companies entered due diligence to acquire Prometheus, with Merck being the successor, as mentioned earlier.

Besides Prometheus, Pfizer and Teva had been working on TL1A, with Pfizer recently forming an alliance with Roivant Sciences for the development of Pfizer's antibody (now called RVT-3101), while Teva has now pivoted from asthma to irritable bowel disease.

Roivant has been in our portfolio for some time, as we see value in their "vant" approach to drug discovery and development. "Vants" are small, nimble operating companies that focus on specific assets and disease indications, while the parent holding company provides high-level input and clinical trial execution assistance. Since its founding in 2014, Roivant has been productive, already monetising a number of its vants, getting a topical psoriasis treatment approved, and reporting solid data for its TL1A antibody during the quarter.

Roivant has a team that scours the globe for under-the-radar assets that have often been deprioritised by the likes of pharma companies. Often, the team identifies assets and proactively engages with the owner, allowing them to be first in line when they become available.

3 Tumour necrosis factor-like cytokine 1A is a protein that sits in the membrane of a variety of cells.

RVT-3101 was one of those assets that Roivant had an eye on for some time; hence, it was quick to close a deal when Pfizer decided to out-license it. The structure of the alliance continues to be of economic interest to Pfizer. Pfizer has a 25% ownership interest in the TL1A joint venture (JV), has commercial rights outside the US and Japan, and has representation on the board of the JV. For a follow-on antibody (which just started phase 1), there is a 50:50 cost share in place, for now, that has a co-commercialisation option attached to it. RVT-3101 is delivered by subcutaneous injection and has completed a dose-ranging study, putting it ahead of the competition in terms of depth of clinical program and delivery. Given the interest in this target, Roivant has many options for this asset. Besides the TL1A focus, Roivant has other vants that are making progress but are less high profile. Priovant Therapeutics is focused on another Pfizer molecule, a drug that targets Tyk2/Jak1 for Dermatomyositis and Systemic Lupus Erythematosus.

Roivant, so far, has shown a great ability to identify good molecules and move them rapidly through clinical development, while at the same time being very decisive when an asset does not meet expectations. These attributes are key to making good returns in biotech.

Outlook

Life science tool companies will be closely watched to determine when order books are normalising. We believe that this will also coincide with consolidation in the tool sector, which so far has been muted. Thermo Fisher Scientific has indicated it will spend US$75 billion over the next five years.

In biotech, there are a small number of IPOs in the pipeline that will give us more insights into the state of biotech funding.

Developments in obesity therapies, particularly data on outcome trials, are a key focus for investors. Reducing weight in obese patients is expected to have wide-ranging effects on many other diseases, including the fat content of patients suffering from fatty liver disease. This is an important area, as there are a number of therapies in development for this emerging field.

As we have stated on many occasions in our quarterly reports, the healthcare sector is at a very interesting point in time, given that many disease indications are seeing significant positive progress, and we are particularly excited about the path ahead.

Platinum International Technology Fund

Alex Barbi
Portfolio Manager

Jimmy Su
Portfolio Manager

Performance

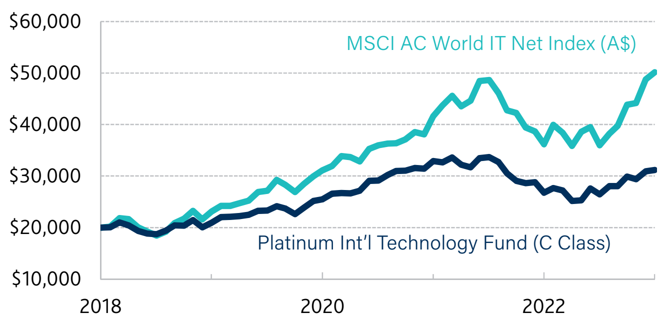
(compound p.a.+, to 30 June 2023)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Tech Fund*	4%	17%	7%	9%	9%
MSCI AC World IT Index^	14%	39%	17%	20%	5%

+ 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

30 June 2018 to 30 June 2023



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 4.2% for the quarter.[1]

Since the start of the year, the US Federal Reserve (Fed) has raised the federal funds rate on three occasions for a cumulative 75 basis points to 5.25%, representing a slowing in its more aggressive pace adopted in 2022. A more cautious approach was justified to allow the Fed to assess the impact on the economy of previous rate rises, as monetary policy tends to work with lagging effects. Moreover, the collapse of three regional banks in the US and Credit Suisse in Europe during the space of a few days in March 2023 most likely made the Fed board members more cautious about the potential negative repercussions on the global financial system.

As the world avoided another global financial crisis and with bank depositors' confidence restored, US markets were largely flat during April, only to face another hurdle with the looming deadline of the US debt ceiling legislation in early June.[2] With the US Congress finally approving the higher debt limit on 3 June, the US stock markets rallied strongly in the last month of the quarter, with technology stocks particularly supported by the emerging and new powerful thematic of artificial intelligence (AI).

In this context, technology stocks in aggregate finished the quarter strongly. The Nasdaq-100 Technology Sector Index returned 13% for the quarter, while the PHLX Semiconductor Index returned 14%. Even high-growth/unprofitable technology companies recovered strongly, with the ARK Innovation ETF up 9% during the quarter.

The Fund's positive performance for the quarter can be attributed to strong moves in US communication services, semiconductors and semiconductor equipment names in the US and Asia. European holdings lagged on a weaker economy, particularly Germany, which after two consecutive quarters of negative GDP growth is now technically in a recession. Similarly, China's struggle to recover post-COVID lockdowns negatively impacted our holdings which are more exposed to consumer demand.

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 The debt ceiling is the maximum amount of money that the United States government can borrow cumulatively by issuing bonds.

Our selective short-selling of stocks with dubious business models or unreasonable valuations delivered mixed results, as many investors are still enthusiastic about paying high prices for what we feel are unrealistic expectations.

Key contributors to performance included core holdings **Meta Platforms** (+35%) and **Alphabet** (+15%), with both stocks extending their rally since the start of the year as investors regained confidence in the strength of their underlying business models. **Oracle** (+28%) and **Netflix** (+28%) were also strong performers after investors welcomed quarterly results that were above consensus expectations.

In Korea, **Samsung Electronics** (+13%) and **SK Hynix** (+30%) benefited from expectations for an improvement in the oversupply of semiconductor memory chips following the decision by Samsung Electronics to limit production expansion due to tough industry conditions.

Detractors from performance included Chinese internet names (**Alibaba** -18%, **Tencent** -14% and **JD.com** -23%) as consumer confidence in China remained lacklustre, negatively impacting the e-commerce, digital advertising and gaming sectors.

Telecom equipment stocks **Ciena** (-19%) and **Ericsson** (-7%) also detracted from performance as telecom operators slowed down the pace of new orders following strong demand patterns in recent quarters.

At the end of the quarter, the Fund was 82% net invested, with 12% in cash and 6% in short positions.

Changes to the Portfolio

During the quarter, we re-introduced a position in gaming platform leader **Nintendo**, as we believe that the market is underappreciating its earnings resilience during the transition from its current Switch console to the new “Switch 2”. We are confident that the management team is approaching the console cycle very differently this time than in prior cycles. The pieces are in place for Nintendo to launch games concurrently for both the Switch 2 and Switch. We believe that should make the transition more profitable and less volatile.

After reviewing **Western Digital’s** financial position, we felt uncomfortable with the level of risk, and we decided to exit the position in light of the challenging industry conditions. We opted to consolidate our exposure to memory semiconductors around the three major players (**Micron Technology**, **Samsung Electronics** and **SK Hynix**).

Disposition of Assets

REGION	30 JUN 2023	31 MAR 2023	30 JUN 2022
North America	43%	45%	38%
Asia	28%	29%	30%
Europe	13%	13%	10%
Japan	4%	2%	5%
Other	0%	0%	0%
Australia	0%	0%	0%
Cash	12%	11%	17%
Shorts	-6%	-6%	-5%

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

Net Sector Exposures

SECTOR	30 JUN 2023	31 MAR 2023	30 JUN 2022
Information Technology	55%	56%	52%
Communication Services	17%	13%	11%
Consumer Discretionary	5%	8%	12%
Financials	4%	3%	3%
Industrials	1%	3%	4%
Health Care	1%	1%	0%
Other	0%	-1%	-3%
TOTAL NET EXPOSURE	82%	83%	78%

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

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Meta Platforms Inc	US	Comm Services	5.5%
SK Hynix Inc	South Korea	Info Technology	5.2%
Alphabet Inc	US	Comm Services	4.8%
Samsung Electronics Co	South Korea	Info Technology	4.8%
Infineon Technologies AG	Germany	Info Technology	4.8%
Microchip Technology Inc	US	Info Technology	4.7%
Taiwan Semiconductor	Taiwan	Info Technology	4.6%
Micron Technology Inc	US	Info Technology	3.8%
Samsung SDI Co Ltd	South Korea	Info Technology	3.1%
Constellation Software Inc	Canada	Info Technology	2.9%

As at 30 June 2023. 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

We exited our position in **eBay** as macroeconomic headwinds in the US and the UK and expectations for weaker margins this year make it more difficult for management to reach their recently determined long-term growth targets.

Commentary

During the quarter, AI took centre stage. A technology that only a few months ago was the exclusive domain of a few scientists has now moved to the mass market and is accessible to anyone with a smartphone or a PC. On 30 November 2022, OpenAI, a privately owned AI research company, launched a chatbot called ChatGPT[3] (Chat Generative Pre-Trained Transformer) that is freely available to the public (chat.openai.com).

UBS analysts estimated that five days after launching, ChatGPT had over one million users, and by January 2023, it had reached over 100 million users, making it the fastest-growing consumer application to date. As a comparison, it took TikTok about nine months after its global launch to reach 100 million users, and Instagram two and a half years.

With such a rapid expansion, the hype has inevitably emerged, and excesses are evident in the market, with the share prices of many AI-labelled companies skyrocketing to extreme valuations. Incumbent technology companies have, however, taken notice and started incorporating the new technologies into their existing platforms. Microsoft, for example, is estimated to have invested a cumulative US$10 billion in OpenAI, and it has licenced ChatGPT technology to incorporate it into its Bing search engine and Edge browser.

Similarly, Google (owned by Alphabet) has accelerated the roll-out of Bard (bard.google.com), its version of an AI-assisted Chatbot. Some consider Google to be at risk of being overtaken by Microsoft and other emerging AI players, potentially eroding the popularity of its core search engine application. We would argue that Google has greatly contributed to AI advancements in the last decade or so and is unlikely to be disrupted by these other players, particularly since its acquisition of start-up DeepMind in 2014, which has demonstrated it can deliver innovative and ground-breaking solutions. These include Waymo self-driving cars, Google Assistant speech recognition software, and the AlphaFold Protein Structure Database, a system that is designed to predict a protein's 3D structure from its amino acid sequence.

Meta Platforms, the owner of Facebook, Instagram and WhatsApp, is also likely to benefit from the proliferation of AI. Meta has been investing heavily in AI, and while it may not have a comparable chatbot to ChatGPT or Bard, it has quietly incorporated AI behind many of Facebook's and Instagram's most important features (such as which Reels videos to show people or suggesting friends, photos and posts that one might not already be following).

Oracle, another holding in the Fund, is perhaps a less obvious AI beneficiary but nonetheless a key provider of key infrastructure to run generative AI workloads. Known more for its legacy database-software business and its late conversion to the cloud, Oracle, thanks to its high-performance/low-cost GPU (graphics processing unit) cluster technology, has now emerged as a provider of choice for many start-ups that are building and running complex AI models. Even NVIDIA, the chipmaker considered to be the poster child of this new AI era, has been confirmed as a customer of Oracle Cloud Infrastructure. We consider this to be a very positive endorsement.

Outlook

After such a strong start for technology stocks in the first half of this year, with the Nasdaq-100 Technology Sector Index up 40% to 30 June, valuations for US technology companies are no longer at bargain prices. Investors seem to have sidestepped concerns about an economic slowdown driven by tight monetary policies and reduced liquidity. However, many uncertainties persist about the strength of the global economy, China-US strategic and trade relations, and future developments in the Russia-Ukraine war.

As investors debate the shape of the economic slowdown (hard vs. soft landing, shallow recession, no recession, etc.) and with mixed signals from macroeconomic data, we prefer to follow our long-held stock-picking selection process. We believe that our careful selection of long and short positions in semiconductors, Asian e-commerce, digital advertising, streaming media, and enterprise software names should provide the Fund with attractive investments without exposing investors to unnecessary risks at this point in the cycle.

3 ChatGPT is a natural language processing tool driven by AI technology that allows you to have human-like conversations with the chatbot. The language model can answer questions and assist you with tasks, such as composing essays, giving suggestions about holidays, and helping you with software programming.

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.

Some Light Relief

An awkward moment at the shareholders meeting.

CartoonStock.com

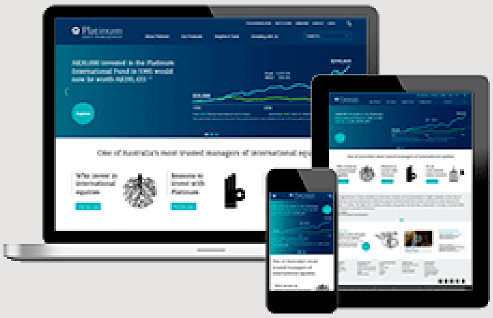
"I'm concerned about my broker. He advised me to keep 60% in stocks, 25% in bonds, and 25% in cash."

CartoonStock.com

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.

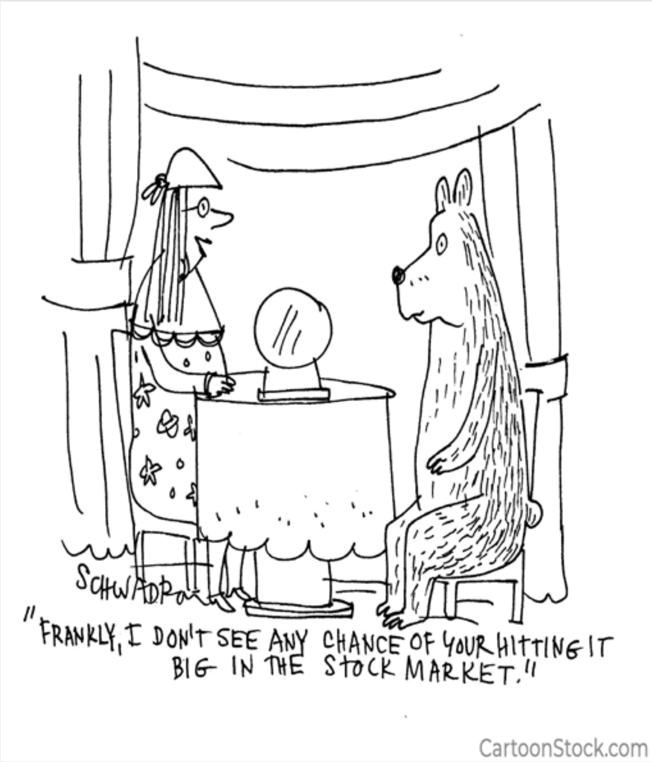


Recent highlights include:

- **Article - The Times are Changing.**[1] The economic environment has changed significantly over the past 18 months. The historic bubble in tech and growth stocks has burst, and a recession in the US is probable. This calls for investors to adopt a different investment approach than what has worked in the recent past, as co-CIO Clay Smolinski explains.
- **Video – Three Lessons from the US Banking Crisis.**[2] Adrian Cotiga discusses the key drivers behind the US banking crisis, the three lessons to be learned and how Platinum is positioned in global financials. We continue to hold no exposure to US banks, preferring European financials, with three broad buckets capturing our interest.
- **Video – Finding Value in the Much-Hyped AI Space.**[3] AI has captured everyone's attention of late. While there has been a lot of hype around some of the players, there are also areas that are being overlooked, particularly in the healthcare sector. Cameron Robertson and Dr Bianca Ogden discuss areas they have invested in and ones to watch in this exciting area.
- **Video – Exciting Times for Japanese Equities.**[4] Japanese equities have rallied strongly recently. A visit by Warren Buffett to Japan seems to have inspired buyer interest, especially from foreign investors, but there's a lot more to the story, as James Halse explains.
- **Video - Markets in Denial About US Recession.**[5] The sharpest increase in US interest rates in 40 years, a shrinking money supply and bank failures are all causes for concern – but the markets don't seem to think so. Julian McCormack provides a succinct explanation of why he believes the US is heading for a deep recession and how Platinum is preparing for what we expect will be a difficult period ahead.
- **Video - Funds in Focus Webinar Series.**[6] Platinum recent held its 2023 Funds in Focus adviser webinar series featuring James Halse on the Platinum International Brands Fund, Jodie Bannan and Liam Farlow on the Platinum Global Transition Fund (Quoted Managed Hedge Fund) and Dr Bianca Ogden on the Platinum International Health Care Fund. Each presenter covered their respective fund's current portfolio positioning, key stocks and drivers of recent performance.

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

Some More Light Relief



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. Country classifications for securities reflect Bloomberg's "country of risk" designations. "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 long 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.

About us

Investor services numbers

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Or visit us at our office

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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$17 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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