

7 May 2021

The Manager
ASX Market Announcements
Australian Securities Exchange Limited
Sydney NSW 2000

Monthly Net Tangible Asset Update

The unaudited **pre-tax** net tangible asset (**pre-tax NTA**) backing per share of Platinum Capital Limited (**PMC**) as at 30 April 2021 was \$1.6653 per share (as at 31 March 2021 it was \$1.6599).

The unaudited **post-tax** net tangible asset (**post-tax NTA**) backing per share of PMC as at 30 April 2021 was \$1.5826 per share (as at 31 March 2021 it was \$1.5749).

The NTA was calculated in accordance with Australian Accounting Standards using the last sale price to value investments. Investments were stated at market value and for the post-tax NTA, after provision for tax on **both** realised and unrealised income and gains.

At 30 April 2021, the PMC share price was \$1.52.

The 30 April 2021 monthly update for PMC is attached to this announcement. For more information in relation to PMC please refer to the website at:

www.platinum.com.au/Our-Products/All-Products/Platinum-Capital-Limited

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MONTHLY REPORT 30 April 2021

FACTS

Portfolio value	\$486.39 mn
Portfolio commenced	29 June 1994
Current share price	\$1.520
Current dividend yield	3.95%
Pre-tax NTA	\$1.6653
Post-tax NTA	\$1.5826
Maximum franked dividend	1.86 cps
NTA retained earnings & div profit resv.	24.78 cps

PERFORMANCE¹

	Company % (Pre-tax NTA)	MSCI %
1 month	0.6	2.9
3 months	8.3	8.9
6 months	20.0	16.6
Calendar year to date	8.6	9.0
1 year	22.0	23.5
2 years (compound pa)	7.3	12.3
3 years (compound pa)	4.9	12.5
5 years (compound pa)	9.9	13.6
7 years (compound pa)	9.2	12.8
10 years (compound pa)	10.5	13.0
Since inception (compound pa)	11.8	7.6

PMC's returns are calculated after the deduction of fees and expenses, adjusted for taxes paid and any capital flows and assume the reinvestment of dividends. PMC's returns have not been calculated using PMC's share price.

INVESTED POSITIONS³

	LONG %	SHORT %	NET %	CCY %
Asia-Pacific	41.8	(0.6)	41.2	43.5
Australia	3.2		3.2	3.5
China	15.4		15.4	15.4
Hong Kong	2.5		2.5	3.0
India	2.2		2.2	2.2
Japan	12.5	(0.5)	12.0	13.3
New Zealand		(0.1)	(0.1)	(0.1)
South Korea	6.1		6.1	6.3
Europe	19.6	(0.4)	19.2	20.7
Austria	1.1		1.1	
Belgium	0.1		0.1	
Denmark	0.4		0.4	0.4
Finland	2.3		2.3	
France	3.4		3.4	
Germany	4.8		4.8	
Ireland	1.5		1.5	
Italy	1.7		1.7	
Netherlands		(0.4)	(0.4)	
Norway	0.4		0.4	0.4
Spain	1.5		1.5	
United Kingdom	2.3		2.3	3.1
Euro				16.8
North America	25.1	(10.9)	14.2	33.9
Canada	3.4		3.4	6.2
United States of America	21.7	(10.9)	10.8	27.8
Other	1.8		1.8	1.9
Sub-Total	88.3	(11.9)	76.4	100.0
Cash	11.7	11.9	23.6	
Total	100.0		100.0	100.0

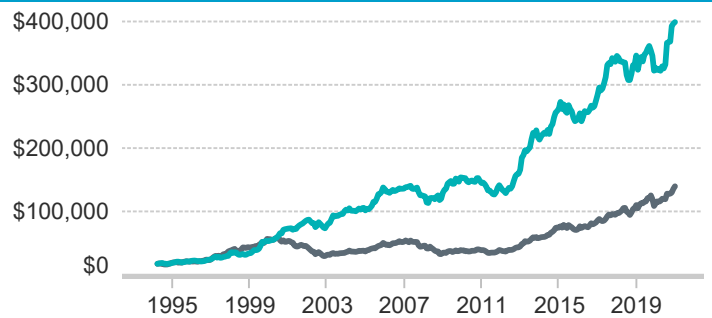
Long - 104 stocks, 2 swaps Short - 21 swaps, 1 index

FEES

Management fee:	1.10% p.a. (excl. GST) of portfolio value* plus
Performance fee:	15.00% p.a. (excl. GST) of outperformance over benchmark (MSCI All Country World Net Index (A\$))

*The portfolio value is the market value of the investments in the portfolio after the deduction of fees and expenses, adjusted for taxes, corporate actions and dividends.

PERFORMANCE GRAPH²



PMC's returns are calculated after the deduction of fees and expenses, adjusted for taxes paid and any capital flows and assume the reinvestment of dividends. PMC's returns have not been calculated using PMC's share price.

TOP TEN POSITIONS⁴

STOCK	COUNTRY	INDUSTRY	%
Samsung Electronics Co	South Korea	Info Technology	4.0
ZTO Express Cayman Inc	China	Industrials	3.1
Glencore PLC	Australia	Materials	2.8
Ping An Insurance Group	China	Financials	2.5
Micron Technology Inc	United States	Info Technology	2.5
Weichai Power Co Ltd	China	Industrials	2.5
Minebea Co Ltd	Japan	Industrials	2.5
AIA Group Ltd	Hong Kong	Financials	2.5
UPM-Kymmene OYJ	Finland	Materials	2.3
Microchip Technology Inc	United States	Info Technology	2.3
Total			27.0

INDUSTRY BREAKDOWN³

SECTOR	LONG %	SHORT %	NET %
Industrials	20.1		20.1
Materials	18.0	(0.2)	17.8
Financials	15.3		15.3
Information Technology	13.8	(4.4)	9.4
Consumer Discretionary	9.9	(0.8)	9.1
Real Estate	3.4		3.4
Health Care	5.6	(2.6)	3.1
Communication Services	1.4		1.4
Energy	0.2		0.2
Consumer Staples	0.4	(1.2)	(0.8)
Other		(2.7)	(2.7)

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1. & 2. Source: Platinum for portfolio returns and Factset Research Systems for MSCI returns. The returns are calculated relative to the MSCI All Country World Net Index in A\$ (except the gross MSCI Index was used prior to 31/12/98). The investment returns in the line graph are cumulative on A\$20,000 invested in PMC since inception. Past performance is not a reliable indicator of future returns. Platinum does not invest by reference to the weightings of the index. The index is provided as a reference only.

3. The geographic "Long %" is the exposure to long securities and long securities/index derivative positions, the geographic "Short %" is the exposure to short securities and short securities/index derivative positions and the geographic "Net %" is the difference between the geographic "Long %" and the geographic "Short %", each as a percentage of the market value of the Fund's portfolio. The "Currency %" is the effective currency exposure as a percentage of the market value of the Fund's portfolio taking into account long and short securities, cash, forwards and long and short securities/index derivative positions. The cash "Long %" includes cash at bank, cashflows expected from forwards and effective cash exposures resulting from long securities/index derivative positions, the cash "Short %" includes effective cash exposures resulting from short securities/index derivative positions and the cash "Net %" is the difference between the cash "Long %" and the cash "Short %", each as a percentage of the market value of the Fund's portfolio. For the "Industry breakdown", index positions (whether through ETFs or derivatives) are only included under the relevant sector if they are sector specific, otherwise they are included under "Other".

4. The "Top ten positions" show PMC's top ten long securities positions as a percentage of PMC's portfolio value (including long securities and long securities derivative positions).

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MARKET UPDATE AND COMMENTARY

- A strong financial year to date (30 June-30 April) for PMC, driven by good stock selection on the long side.
- Increasing signs that the market drivers are changing and rewarding cyclicals after a long trend favouring growth and defensives.

Market Commentary

Portfolio returns over the last six months are significantly higher than has typically been the case. The challenge looking forward is trying to ascertain, as bond yields rise, to what extent this is good for 'risk assets', against at what point this starts to put pressure on all asset markets.

Given how the market has arrived here, it may be sensible to assume that the critical level at which bond yields put pressure on growth and defensive stocks, will be lower than the level at which cyclicals stumble. The latter are expected to benefit from sector rotation, economic growth and recent shifts globally towards more accommodative government policy.

Our portfolio is dominated by cyclical assets, and within our technology exposures, semiconductor assets are the major component. It has been the case that a series of crises has been a catalyst for each of the major groups within the portfolio. Travel-related companies were the major COVID-related purchases, while semiconductors were introduced significantly during the trade war. With a decade plus of rolling crises and fiscal austerity culminating in a trade war and Chinese reform-induced industrial recession, it is likely no surprise to adherents of our approach, that 'growth industrials' in the broadest sense, are our major exposure.

Since the vaccine news in late 2020, the markets have focused on reopening. Economically sensitive stocks (i.e. 'COVID losers') have started to benefit and the discussion has moved more towards higher bond yields, off ultra-low levels. A pause in this rhetoric in April, after a sharp move, saw the portfolio take a breather. As highlighted last month, and for context, we have just had one of the strongest six months in PMC's long history.

We see this as healthy, as sudden lurches higher in bond yields have historically been a concern for equity markets. The observed trends remain in place, with consolidation helpful while the data continues to exhibit signs of a strong recovery and rising risks of some inflation push rates further away from zero. The portfolio is more sophisticated than a simple thematic, but we expect that higher rates should help us in the near term, rather than hinder.

As we gain more clarity in the post-COVID world around earnings power, it is encouraging to see the valuation of the stocks in the portfolio, and we have taken advantage of the strong run-ups in a number of our holdings, to take a little risk off the table and calibrate the portfolio.

Events like Greensill and Archegos, among others, are typically dismissed at the time as one-offs, but after the fact, tend to prove to be canaries in the coal mine. Heeding these early warnings may ultimately prove to be very prudent.

Performance Analysis*

For the financial year to date (i.e. since 30 June 2020), PMC returned a strong 23%. Over this period, with a backdrop of rising markets (+21%), the long portfolio contributed an impressive +30% to returns. This can be broken down to: 'cyclicals' adding +25%; technology adding +7%; and 'defensives' costing -2%.[†] Shorts cost -6% over this period, mostly the Nasdaq.

The top 10 contributors, all cyclicals, added +14%, dominated by resources (Glencore, First Quantum Minerals, Freeport McMoRan) and semiconductors (Samsung Electronics, Micron) plus Ally Financial, FedEx, General Electric, LG Chem and Louisiana Pacific.

Valuation

Aggregate valuation data is a useful gauge for the portfolio's attractiveness. There appears to be value in an absolute and relative sense, with PMC offering a starting earnings yield 35% higher than the market and appearing 36% cheaper relative to the assets backing it.

Metric	Platinum Capital Limited	MSCI AC World Net Index (A\$)
NTM Earnings Yield	7.0% (Price-to-Earnings ratio of 14x)	5.2% (Price-to-Earnings ratio of 19x)
NTM Dividend Yield	2.4%	2.4%
Price-to-Book Ratio	1.8x	2.8x
Enterprise Value-to-Sales	1.4x	2.1x

The valuations in the table in respect of the portfolio have been calculated by Platinum and refer to the long portion of the portfolio, exclude negative net earnings, and use FactSet consensus earnings.

*Source: Platinum. Numbers for long and short positions are based on the total return of individual positions (in AUD) and do not take into account fees and costs (other than brokerage). Contribution numbers may not add up due to rounding and the effect of fees. Past performance is not a reliable indicator of future returns.

[†]Cyclicals (67% average weight) include: Industrials, materials, energy, real estate, financials and consumer discretionary; Technology (19% average weight) includes: IT and communication services; and Defensives (7% average weight) include: Healthcare, utilities and consumer staples.