



Platinum Adviser Update

30 November 2021

Thank you for joining our webinar. We will commence shortly.

Platinum Investment Management Limited ABN 25 063 565 006 AFSL 221935

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Some numerical figures in this presentation have been subject to rounding adjustments.

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Welcome

Henry Polkinghorne, Investment Specialist

Platinum's Investment Strategy

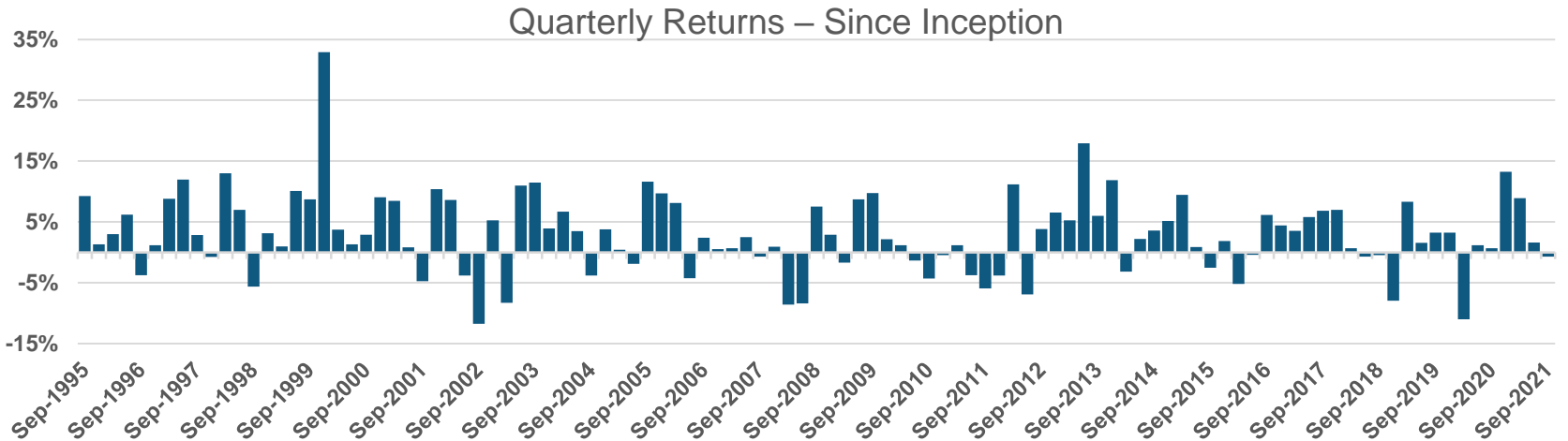
- ◆ Focused on delivering long term absolute returns (rather than relative to any benchmark)
- ◆ Contrarian philosophy – Seek the out-of-favour and overlooked parts of the market
- ◆ Invest in companies whose businesses are inappropriately valued by the market
- ◆ Use protective measures to avoid the prospect of losing Investors' capital



Platinum International Fund Performance

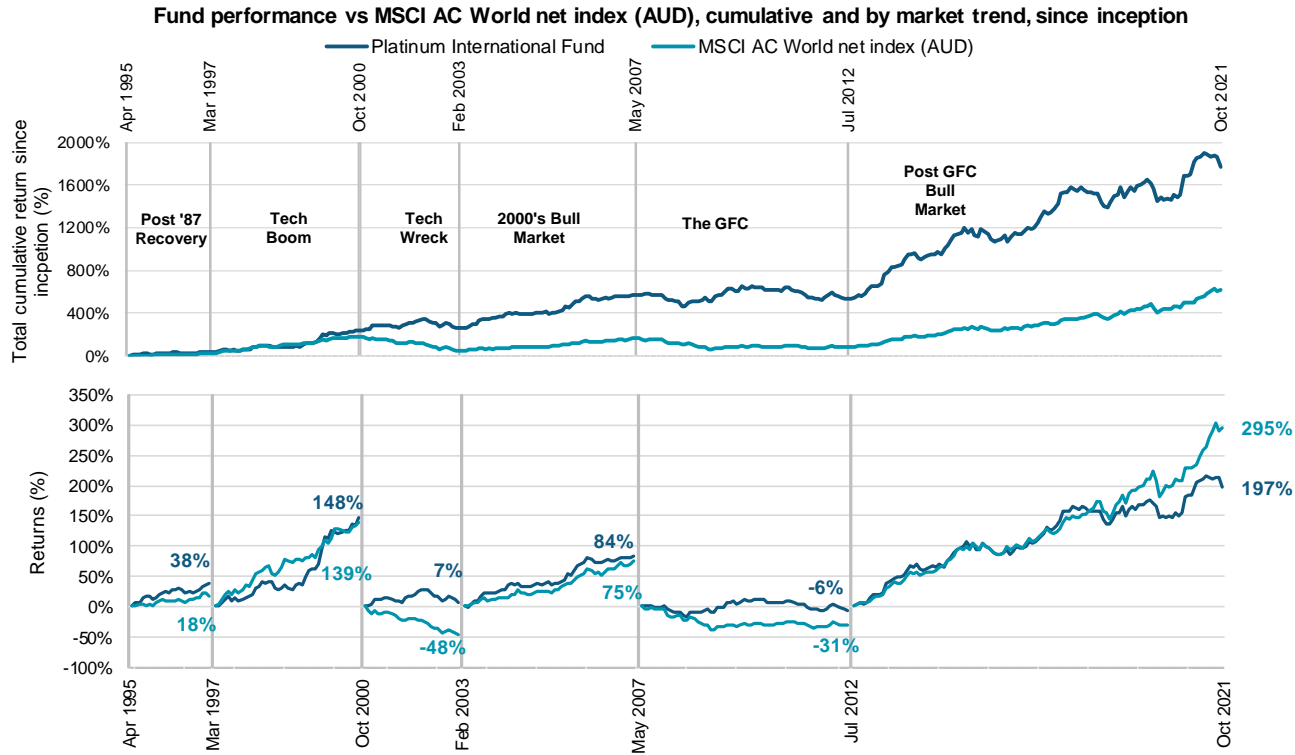
As at 31 October 2021

	Since inception p.a.	10 years p.a.	5 years p.a.	3 years p.a.	1 year
Fund Performance – C Class	11.7%	11.3%	8.5%	6.7%	16.1%



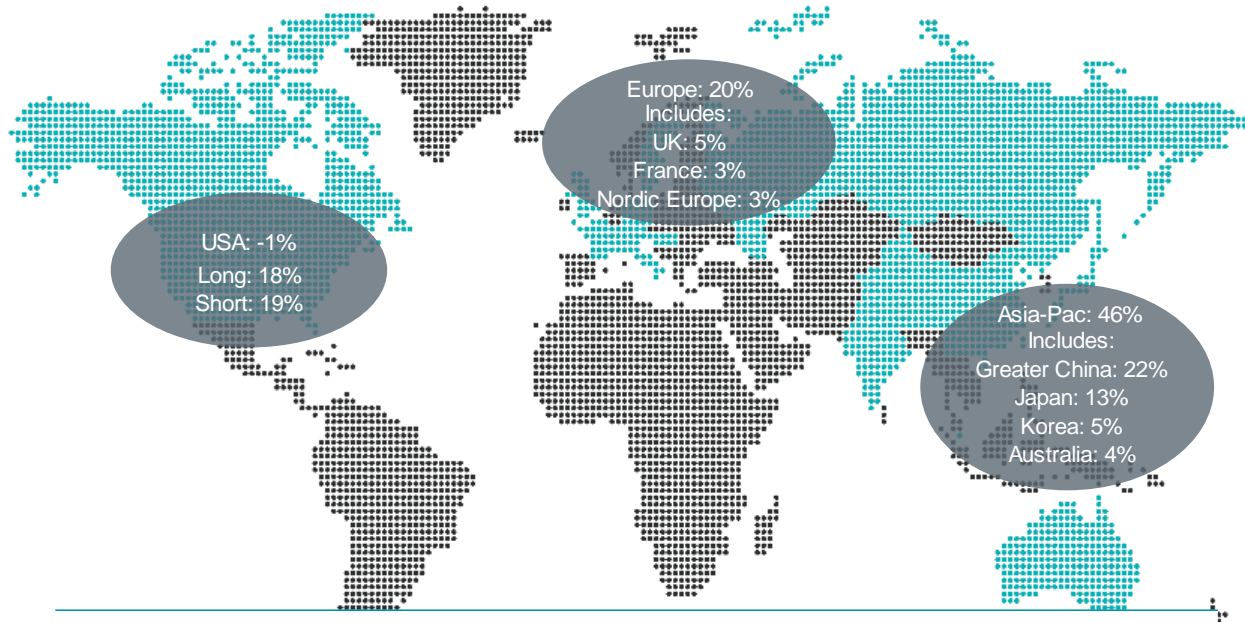
Platinum International Fund

Investment performance: bull & bear market view since inception to 31 October 2021



Platinum International Fund

Net geographical and currency exposures as at 31 October 2021



Major effective currency exposures

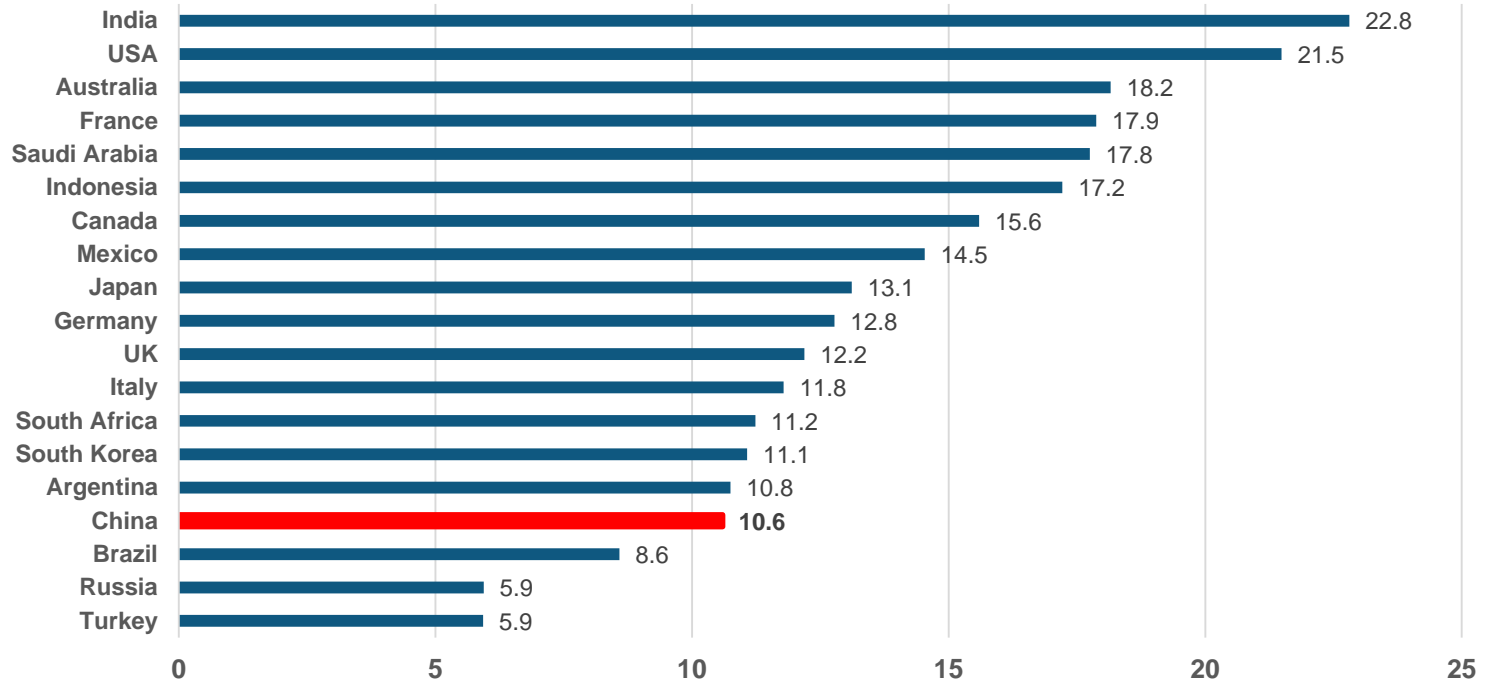
USD & HKD	European	AUD	JPY	Other Asian	Chinese RMB
30%	24%	4%	10%	7%	21%

Source: Platinum. Exposure represents the fund's exposure to the relevant countries/regions as a % of the fund's total market value of investment positions, taking into account direct and indirect long and short securities and derivative positions. Refer to disclaimer slide at the end of the presentation for information on long/short exposure. The currency exposure of the fund is calculated as a % of the fund's net asset value, with exposure through cash, forwards, long and short direct and indirect securities and derivative positions. Actual exposures may be changed from time to time by Platinum.



Major market price-earnings ratios – Next 12 months

PE ratios of select major markets, MSCI national indices

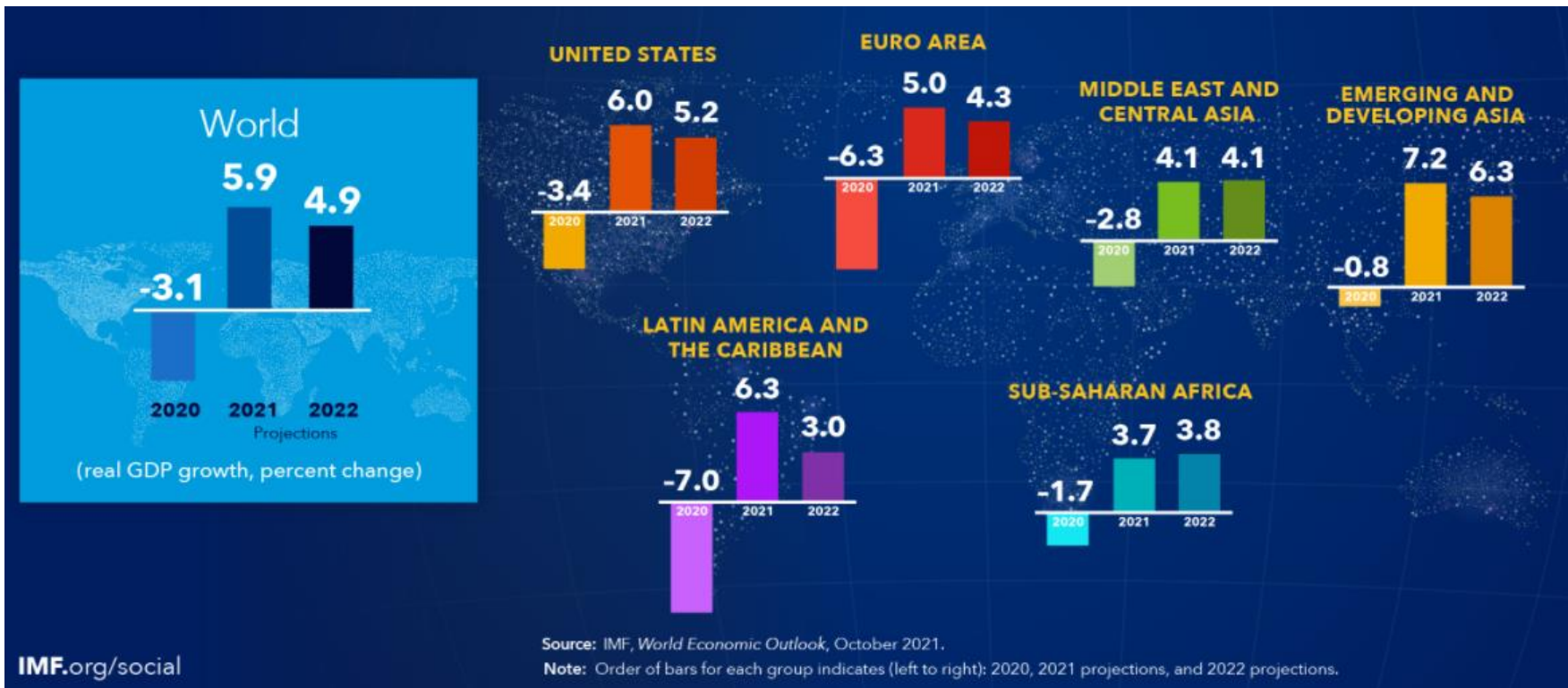


Riding China's waves of reform on the path to prosperity

Total return of Hang Seng China Enterprises Index (USD) (HSCEI). Indexed to 100 at 30 September 2001



IMF Global Economic Outlook – as at October 2021



IMF.org/social



Estun Automation (002747 CH)

ESTUN



- ◆ Market leader among domestic robot makers in a highly fragmented mkt with over 3% market share.
- ◆ Strong know-how in key components a source of cost advantage, while giving more flexibility on product customisation.
- ◆ Exposure to customers with structural growth (photovoltaic and EV battery).
- ◆ Supplier to several national champions (Sany, Zoomlion, Haier, CATL, Xiaomi) an endorsement of quality.

A local champion exposed to structural demand growth in factory automation driven by manufacturing upgrade and aging population.



Leader Harmonious Drive Systems (688017 CH)



- ◆ Leader Drive provides harmonic gears for robots and is the local champion supplying 70% of this component for the domestic robot makers.
- ◆ Harmonic gears have extremely high barriers to entry, and until recently was dominated by a single Japanese company.
- ◆ Leader Drive has been gaining market share by offering comparable quality products at a ~40% lower price.
- ◆ Aiming to double their capacity in medium term, with additional potential to grow outside of China.

A local champion that stands to benefit from government policies promoting domestic supply chain and greater localisation.

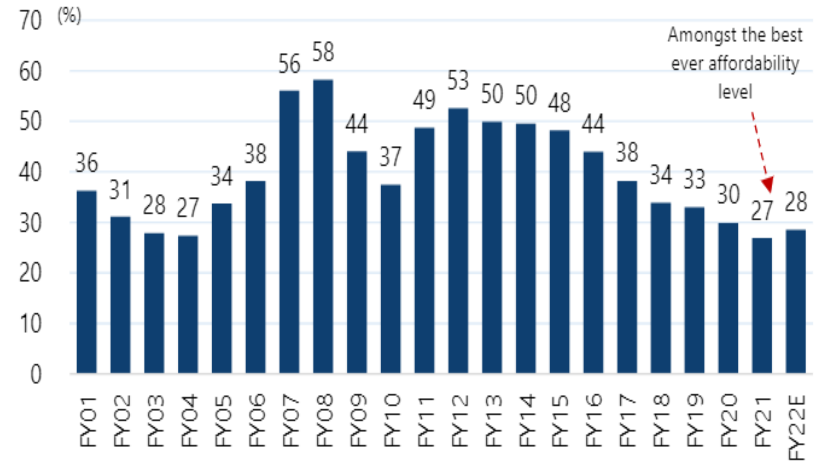


Indian Property Market

Standard Mortgage Rate (%)



Affordability Ratio Trend (Home Loan Payment / Income)



Macrotech (Lodha) Developers (543287 IN)



- ◆ India's largest branded property developer, with only a small 4% nation-wide share.
- ◆ Sold ~US\$7bn of property over the last 5 years with a concentrated 10% share in the greater Mumbai market.
- ◆ Deep land bank of 3,200 acres, supporting its annuity-like affordable townships offering.
- ◆ Growing portfolio of higher returning (+50% IRR) JDA/JV developments.

Given a compelling deleveraging case, estimated Mumbai housing formation, Macrotech's 10% share and solid development margins, we participated as anchor investors in the IPO at a normalized valuation of ~6x PE.



China's recent regulation headlines

Business • Analysis

Why China Is Cracking Down Now on After-School Tutors

Investors rethink China strategy after regulatory shocks

WORLD | ASIA | CHINA

China's Corporate Crackdown Is Just Getting Started. Signs Point to More Tumult Ahead.

Regulators are pushing companies to do more to serve the Communist Party's goals, rattling markets

Technology

Baffled investors fear nothing's off limits in China regulatory crackdown

Reuters

Companies Financial Services Inside China

— Opinion

China's tech crackdown shows no sign of abating

Karen Maley Columnist

Jul 19, 2021 - 12:00am

Save Share



Big Tech regulation is happening globally – not just China

EU tech regulation

+ Add to myFT

EU targets Big Tech with 'hit list' facing tougher rules

OPINION | COMMENTARY

Tech Giants and Social Media Need Smart Regulation

The digital economy should have a code of conduct that enhances competition and encourages innovation.

BUSINESS

House Bills Seek to Break Up Amazon and Other Big Tech Companies

Technology Competition

— Opinion

Concentrated power in Big Tech harms the US

Rather than focusing on prices paid by consumers, US courts and legislators must grapple with something more complex — the outsized power of corporations in our political economy.

Rana Foroohar Contributor

Sep 28, 2020 - 9:40am

Save Share



Tencent (700 HK)

Tencent 腾讯



Weixin/WeChat



Tencent Games



Weixin Pay/WeChat
Pay



Tencent Blockchain

- ◆ Experiencing a setback as the Chinese government increases oversight of the technology sector and data.
- ◆ Has been a huge enabler of technology uplift in China through 'super-app' WeChat.
- ◆ Major game developers of both Fortnite and Call of Duty partnering with Tencent.
- ◆ Could lead China's metaverse ambitions – Roblox has also partnered with Tencent.
- ◆ Continues to develop ancillary products similar to Zoom (Meeting), Slack (WeCom), Salesforce (Qidian), Microsoft Office (Docs).

World leading technology company enabling massive social advancement. Trading on ~23x 2021e PE.



Enablers of India Tech Ecosystem

- 750m smartphone users rapidly connected to 4G internet
- Proliferation of business models seen globally.
- Deep pool of IT talent
 - ◆ ~1m annual IT graduates in India
 - ◆ A number of IT executives with global experience
- Capital flowing into the Indian tech ecosystem.
 - ◆ VC funding of U\$32bn 2021 YTD, with India now the third most popular destination after US and China.
 - ◆ Tech IPOs raised >U\$5bn, but 10-fold on last year.



IndiaMART InterMESH (542726 IN)



76 MN
Product Listings⁽²⁾
97,000+
Categories

6.7 Mn
Supplier Storefronts
37% Suppliers
are Buyers



138 Mn
Registered Buyers
57% Repeat
Buyers

50 Mn⁽¹⁾
Monthly Business Enquiries Delivered
~100% Organic
Traffic

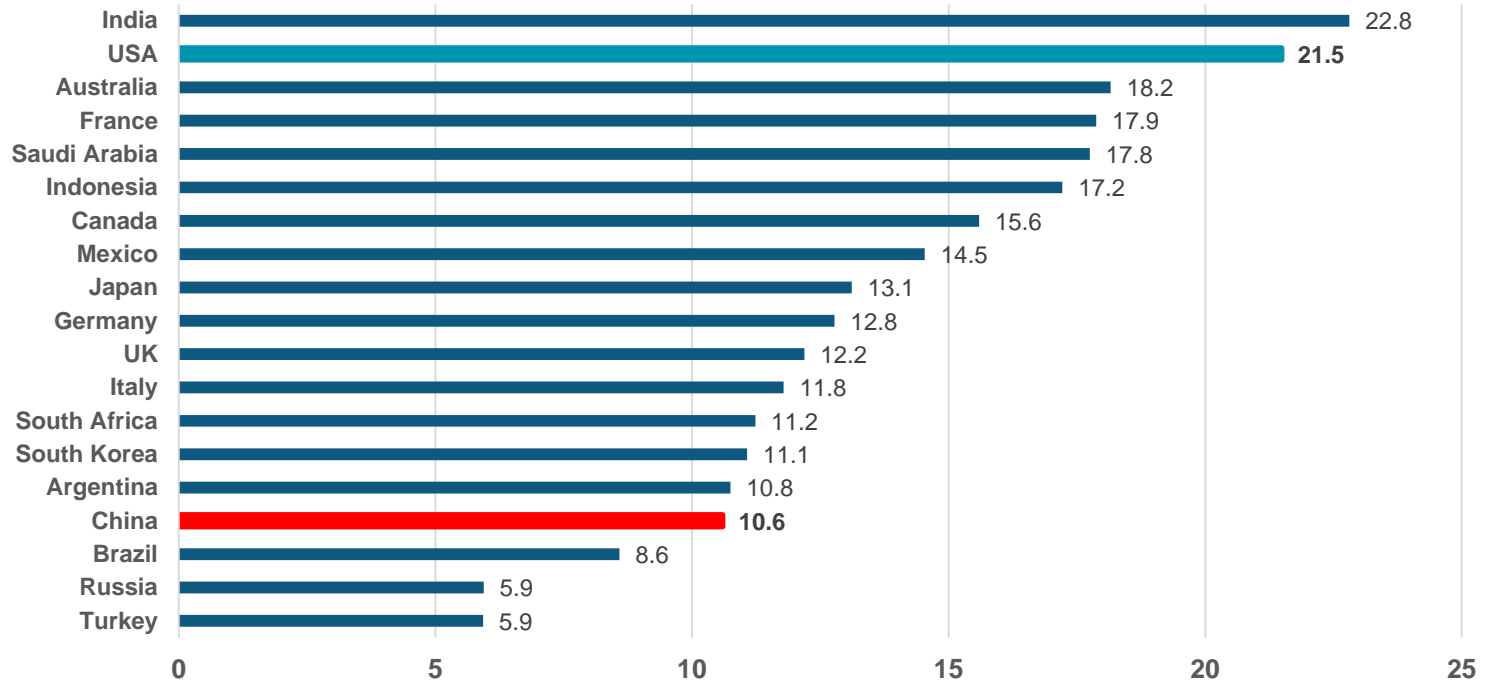
- ◆ India's largest B2B marketplace with 60% share and ~US\$4bn of GMV.
- ◆ 70m product listings across 56 industries.
- ◆ High margin subscription model with plans to add ancillary offerings (tax, payroll, payments etc.).
- ◆ 45m / 65m SMEs are digitally enabled and 30m are using QR/Point of Sale payment systems. IndiaMart has 6.7m SME storefronts and monetising only 2%.

SMEs drive 30% of India's total GDP and are being prioritized under the government's plan to build a US\$ trillion economy by 2025.



Major market price-earnings ratios – Next 12 months

PE ratios of select major markets, MSCI national indices

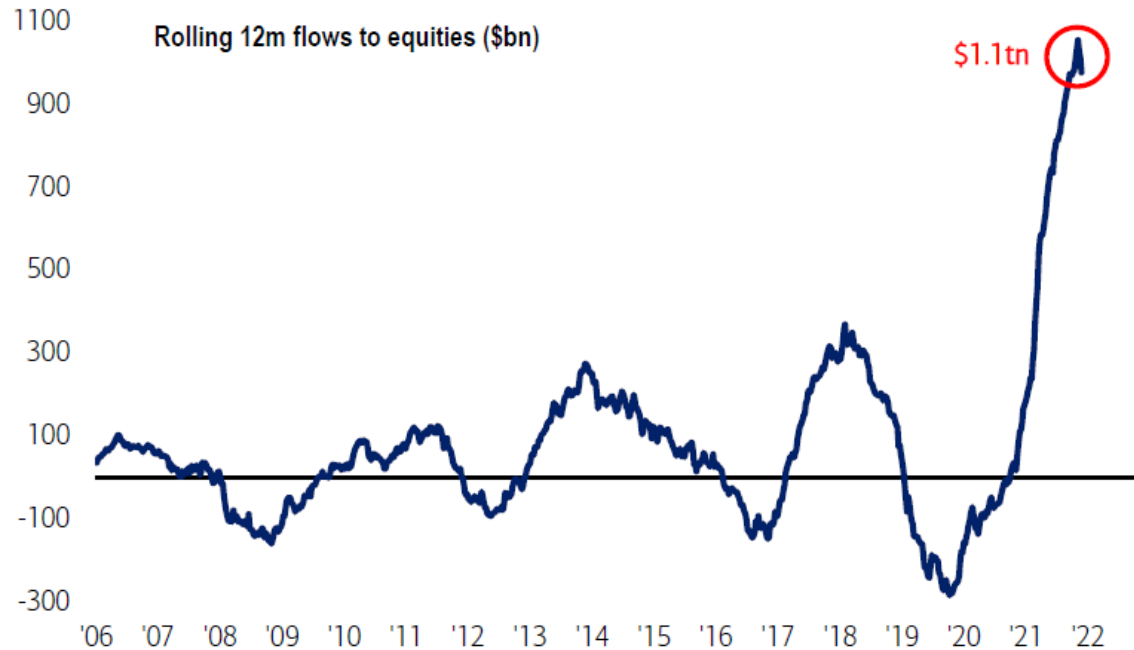


Fund flows

Stock ETFs absorbed \$785 billion inflows this year, compared with about \$108 billion for long-only funds.

Chart 6: Inflow to equities exceeds combined inflow of past 19 years

Rolling 12m flows to equities (\$bn)

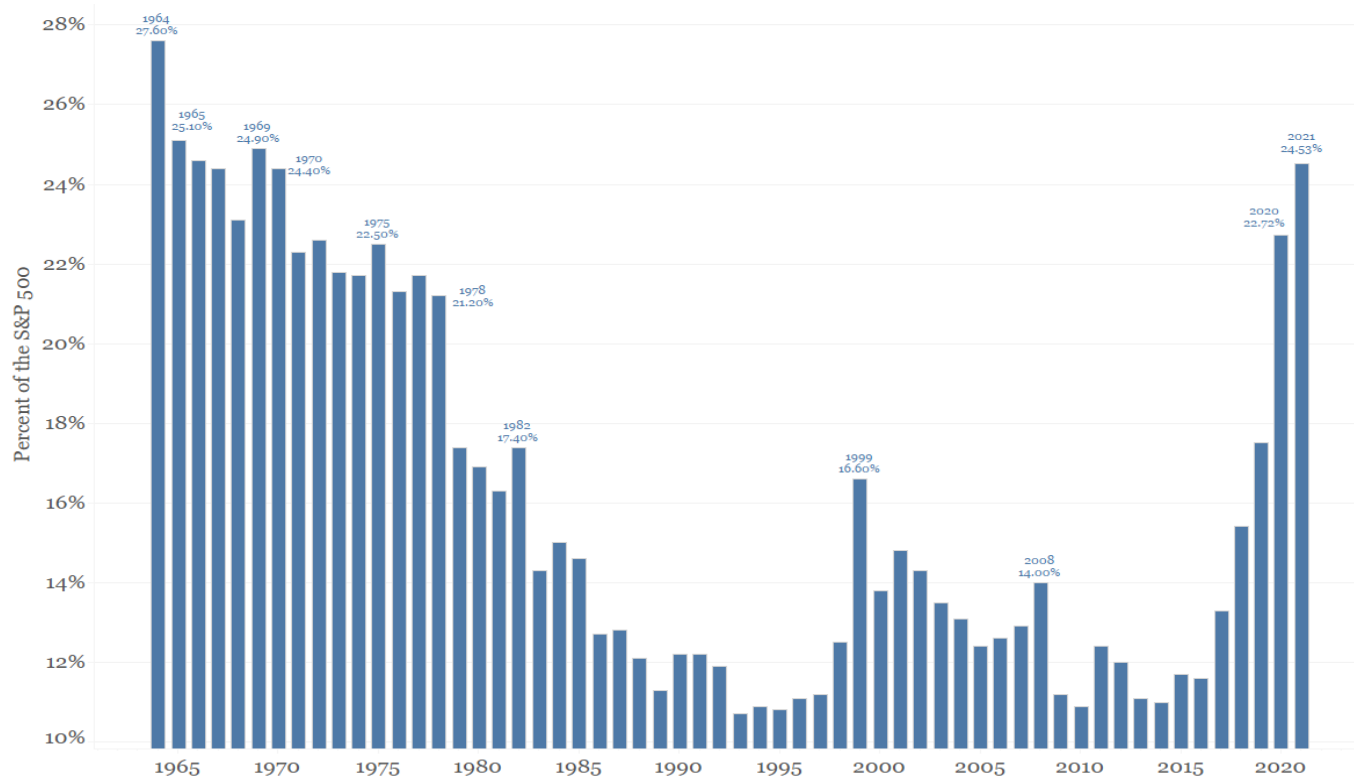


US margin debt is at unprecedented levels...

Debit Balances in Customers' Securities Margin Accounts



Concentration of the Five Largest Stocks in the S&P500



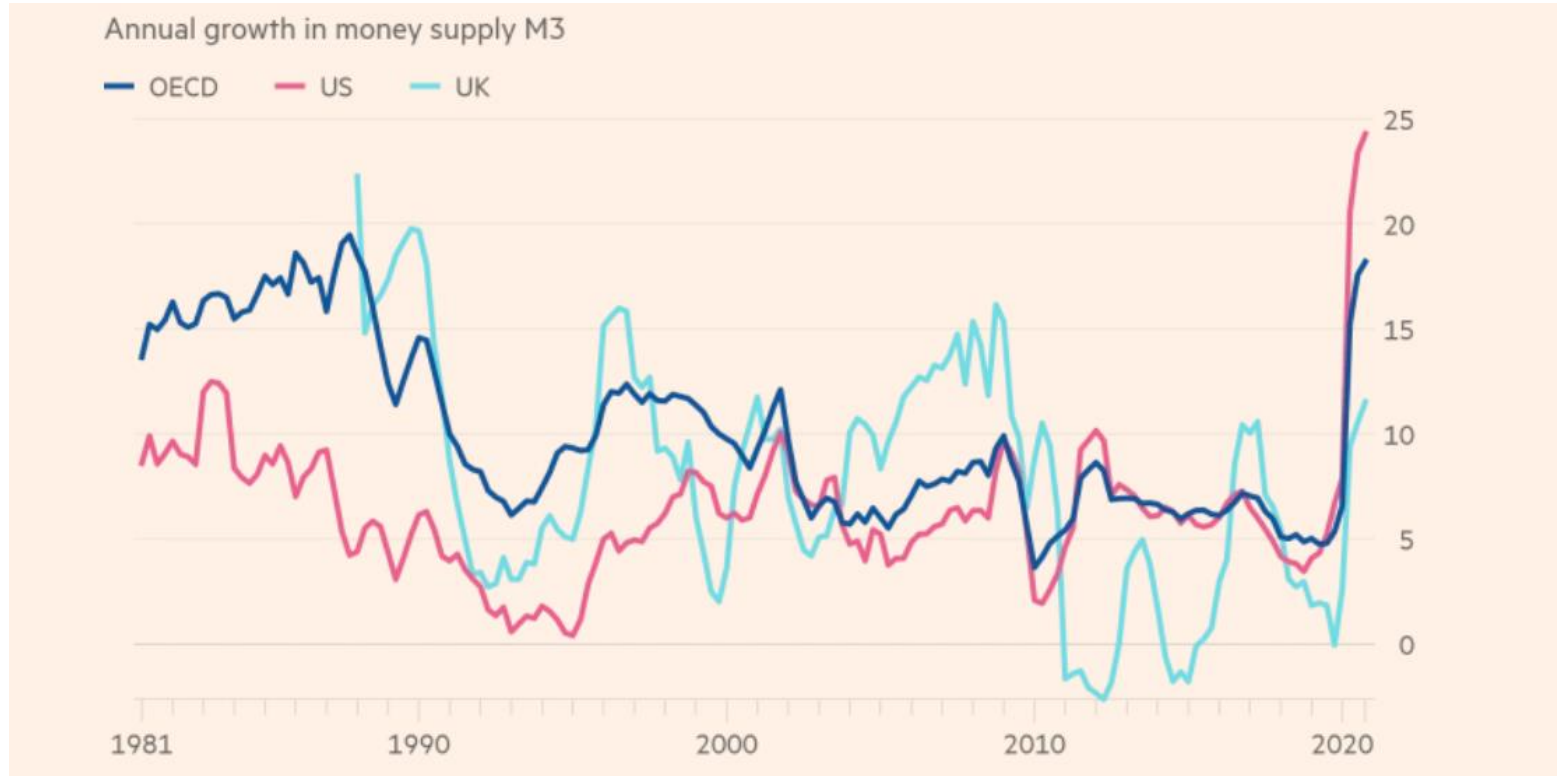
Source: S&P, Dow Jones, Bloomberg

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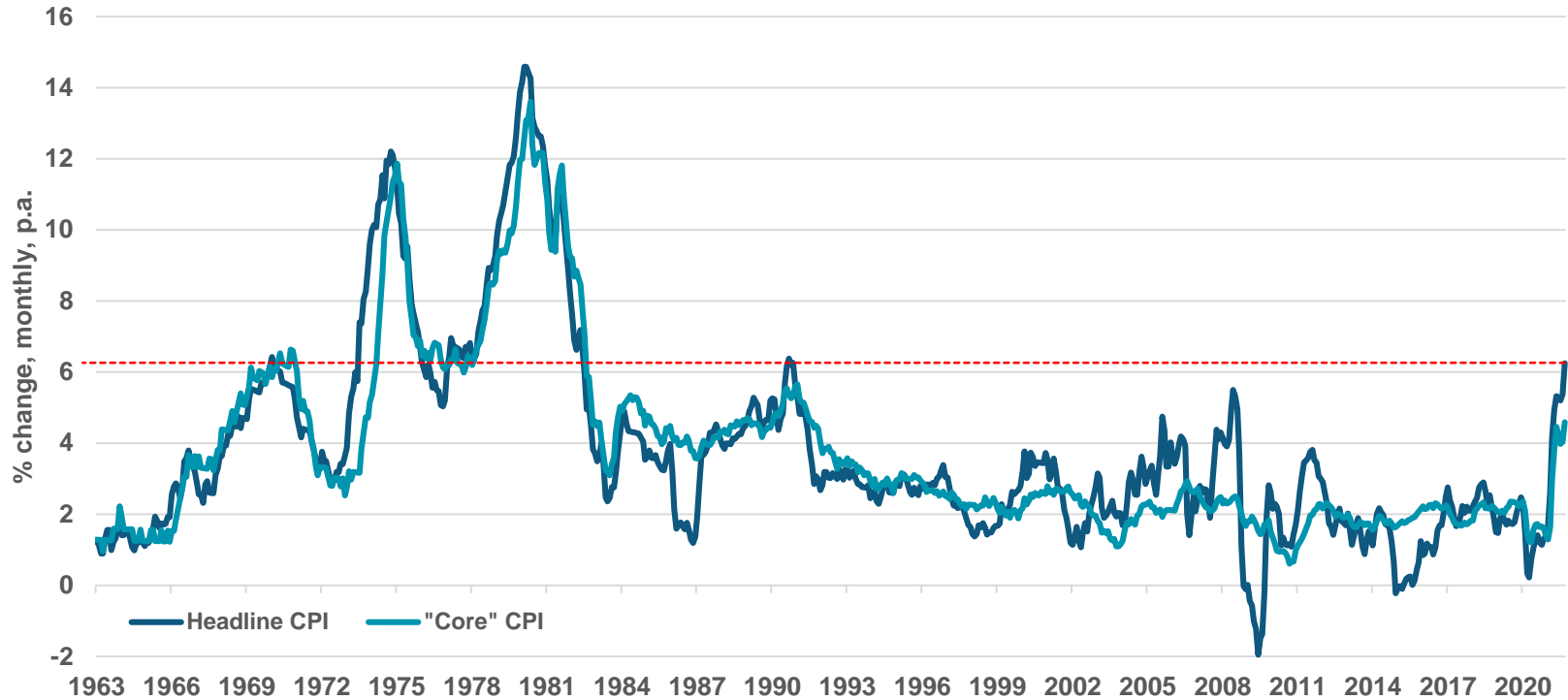
M3 money supply

Explosive recent growth of the broad money supply

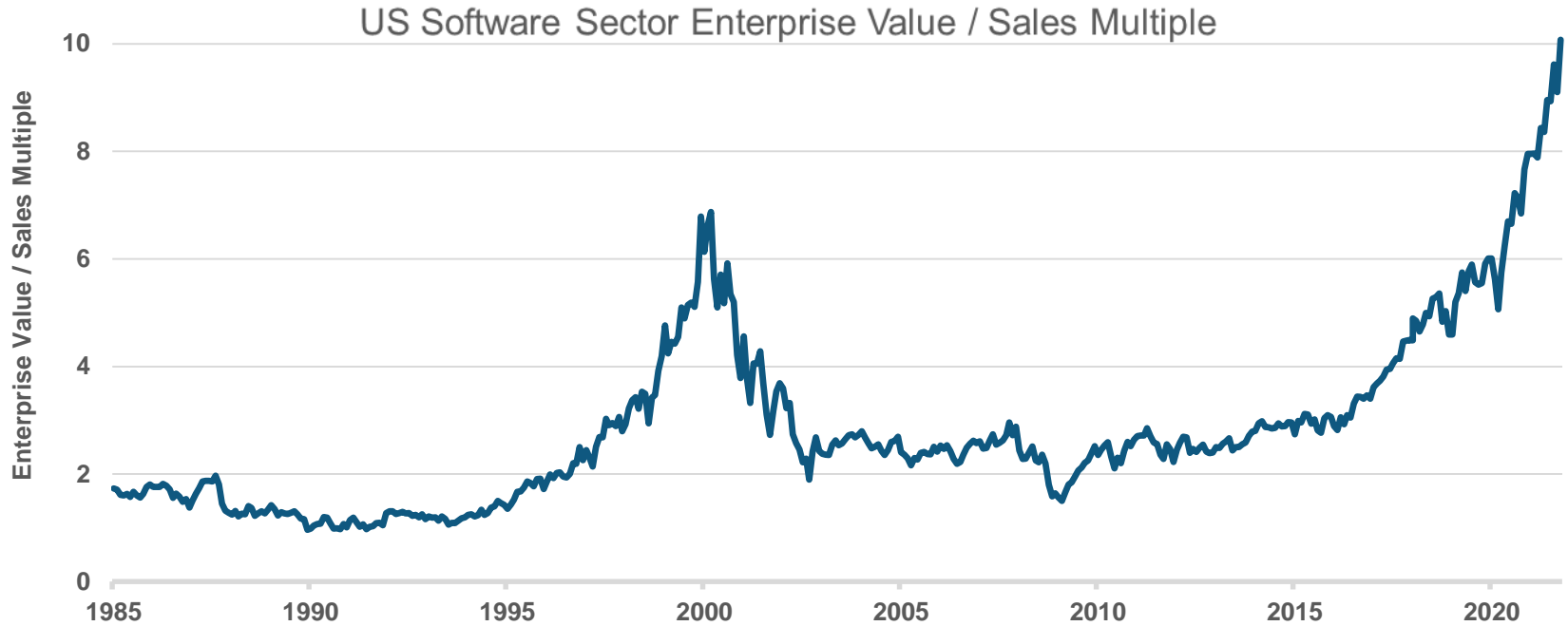


Inflation: we have not been here for decades

US Consumer Price Index, Core and "All Items Less Food and Energy"

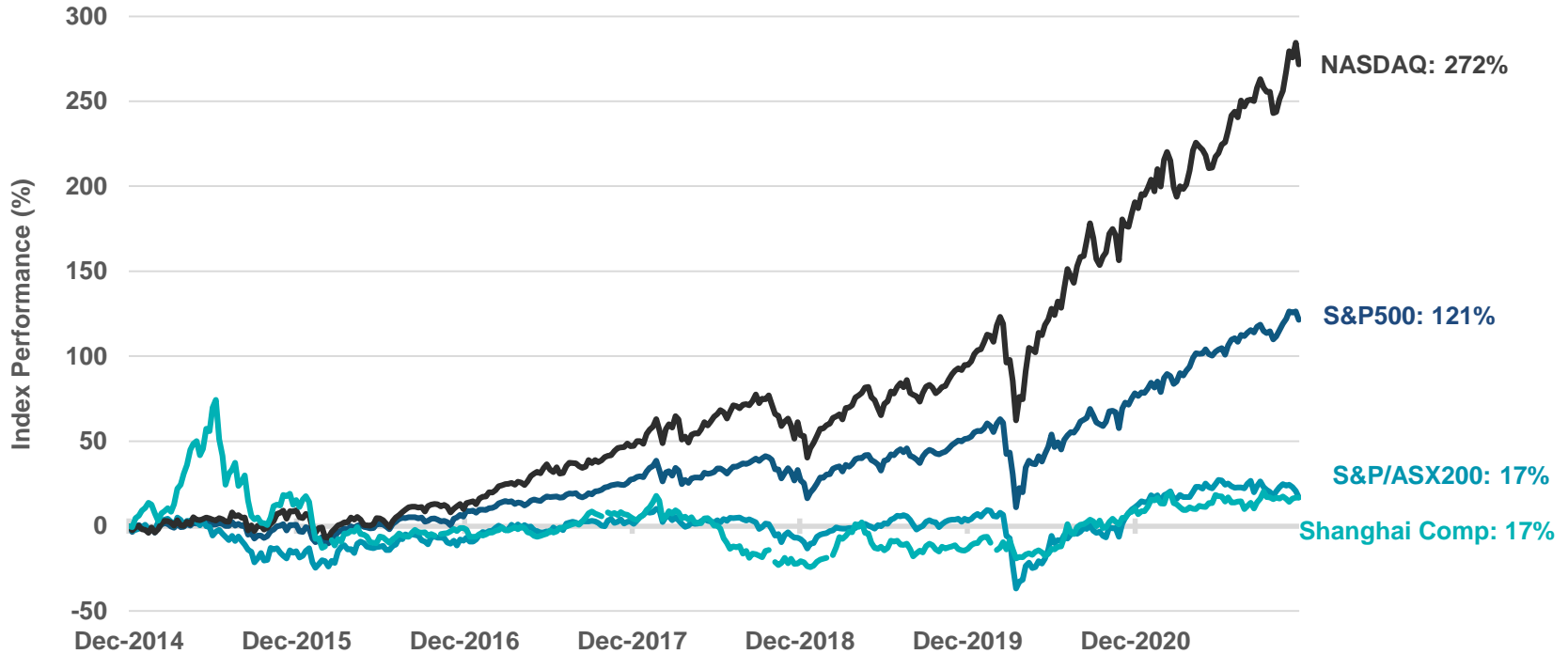


Current markets are more extreme than 2000



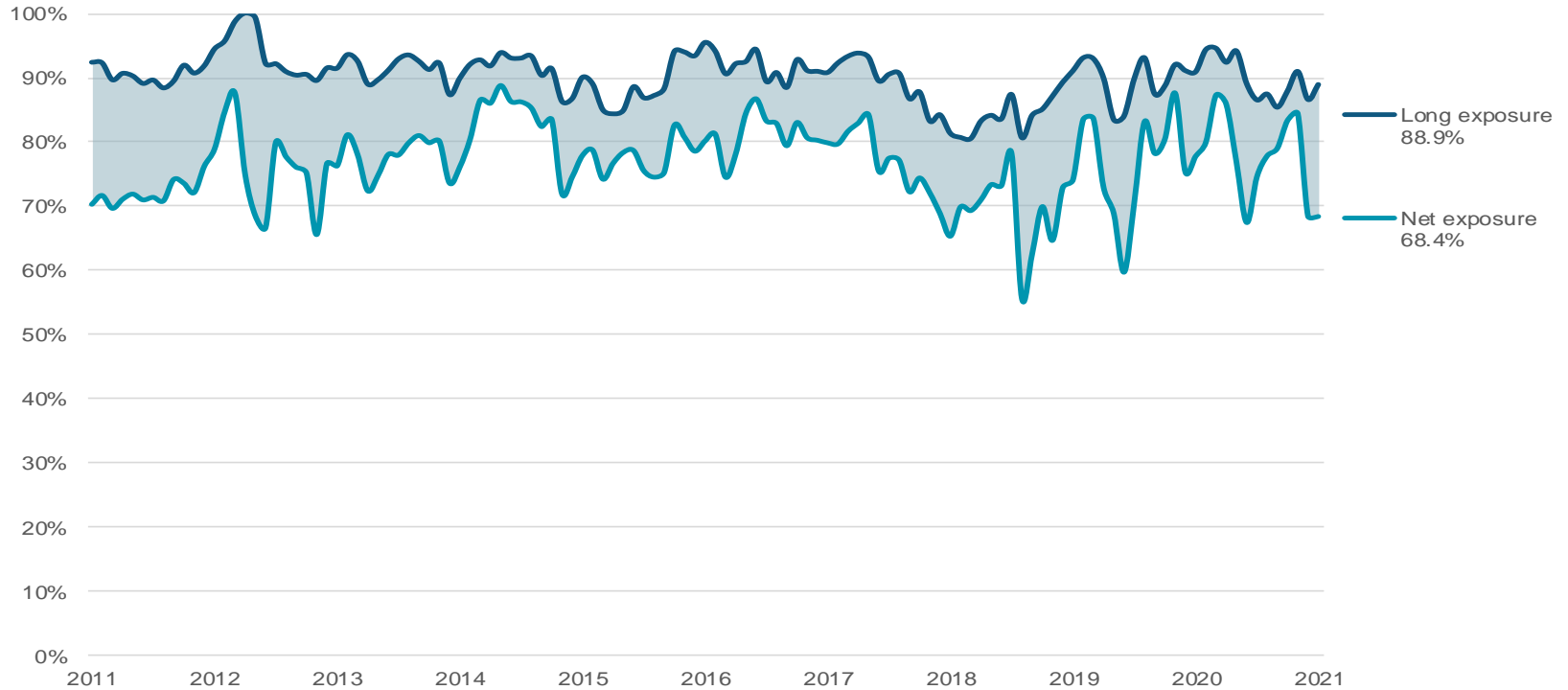
Major Global Indices

US has outperformed China and the ASX by multiples over the last seven years.



Platinum International Fund

Fund exposure for the period 31 October 2011 to 31 October 2021



Platinum International Fund

Portfolio snapshot, as at 31 August 2021

Growth industrials	Chinese consumer	Real estate, Financials	Materials	Semiconductors	Travel	Healthcare
~19%	~15%	~14%	~13%	~11%	~9%	~7%
						
						
						
						





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