

FACTS

Portfolio value	\$428.05 mn
Portfolio commenced	29 June 1994
Current share price	\$1.320
Current dividend yield	5.30%
Pre-tax NTA	\$1.4564
Post-tax NTA	\$1.4505
Maximum franked dividend	11.11 cps
NTA retained earnings & div profit resv.	11.44 cps

PERFORMANCE¹

	Company % (Pre-tax NTA)	MSCI %
1 month	(0.9)	5.4
3 months	(4.2)	(0.1)
6 months	(11.0)	(9.3)
Calendar year to date	(8.3)	(11.0)
1 year	(6.3)	(5.7)
2 years (compound pa)	7.8	10.7
3 years (compound pa)	2.9	8.1
5 years (compound pa)	4.9	10.8
7 years (compound pa)	4.8	8.7
10 years (compound pa)	11.1	13.9
Since inception (compound pa)	11.0	7.3

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	36.7	(3.0)	33.6	42.9
Australia	3.0	(1.0)	2.0	3.0
China	18.1		18.1	18.1
Hong Kong				2.6
Taiwan	0.1		0.1	0.1
India	2.3		2.3	2.3
Israel		(0.3)	(0.3)	(0.3)
Japan	8.9	(1.7)	7.2	12.9
Kazakhstan	0.2		0.2	0.2
South Korea	4.1		4.1	4.0
Europe	25.1	(1.0)	24.0	26.5
Austria	1.9		1.9	
Belgium	0.1		0.1	
Denmark		(0.3)	(0.3)	(0.1)
Finland	2.6		2.6	
France	3.4		3.4	
Germany	4.3	(0.3)	4.0	
Ireland	0.8		0.8	
Italy	2.5		2.5	
Netherlands	2.2		2.2	
Other Europe		(0.3)	(0.3)	
Spain		(0.1)	(0.1)	
Switzerland	1.0		1.0	1.1
United Kingdom	6.2		6.2	8.3
Euro				17.2
North America	17.3	(4.3)	13.0	27.6
Canada	2.3		2.3	3.1
United States of America	15.0	(4.3)	10.7	24.5
Other	3.0		3.0	2.9
Sub-Total	81.9	(8.4)	73.6	100.0
Cash	18.1	8.4	26.4	
Total	100.0		100.0	100.0

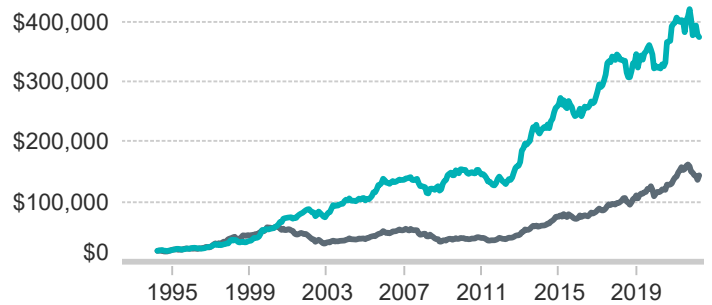
Long - 112 stocks, 2 swaps, 1 option Short - 25 swaps, 2 indices

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	%
ZTO Express Cayman Inc	China	Industrials	3.5
Microchip Technology Inc	United States	Info Technology	3.3
Ping An Insurance Group	China	Financials	2.7
Minebea Co Ltd	Japan	Industrials	2.7
UPM-Kymmene OYJ	Finland	Materials	2.6
InterGlobe Aviation Ltd	India	Industrials	2.3
Beazley PLC	UK	Financials	2.1
Samsung Electronics Co	South Korea	Info Technology	2.1
Shell PLC	Netherlands	Energy	2.0
Trip.com Group Ltd	China	Cons Discretionary	2.0
Total			25.4

INDUSTRY BREAKDOWN³

SECTOR	LONG %	SHORT %	NET %
Industrials	18.9	(1.4)	17.5
Financials	13.9	(1.1)	12.8
Materials	12.1		12.1
Information Technology	11.3	(1.9)	9.4
Consumer Discretionary	11.9	(2.7)	9.2
Energy	4.1		4.1
Communication Services	3.7	(0.6)	3.1
Health Care	3.1		3.1
Real Estate	2.5		2.5
Consumer Staples	0.4		0.4
Other		(0.7)	(0.7)

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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 "Long %" is the exposure to long securities and long securities/index derivative positions, the "Short %" is the exposure to short securities and short securities/index derivative positions and the "Net %" is the exposure to long and short securities and long and short securities/index derivative positions, each as a percentage of PMC's portfolio value. The "Currency %" is the effective currency exposure of PMC's portfolio as a percentage of its portfolio value, taking into account long and short securities, cash, forwards and long and short securities/index derivative positions. 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".

3. and 4. Country classifications for securities reflect Bloomberg's "country of risk" designations, and currency classifications for securities reflect the relevant local currencies of our country classifications.

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

- Soft month for the portfolio against a backdrop of rebounding markets.*
- For the calendar year to date, shorts have provided considerable cushioning in weak markets.
- Looking forward, there are exciting themes on the long side, but we expect further broader market weakness ahead.

Market Commentary

After a very challenging first half of the year, global equity markets found some relief in July, with rampant oil prices and rising bond yields reversing direction. It is important to stress that bear market rallies are normal. Hence, at this stage, we don't see this as a sign that we are entering a new bull market.

Looking at the calendar year so far, we have seen equity markets effectively move down as bond yields (a proxy for future rate expectations) rose. Hence, as bond yields retraced a little, it was no surprise that elements of the equity markets would move higher in the short term.

There are, however, two aspects to bear markets: a reduction in valuations, which is what we have seen to some extent so far, albeit only in line with changes in bond yields; and a reduction in the earnings outlook. There are not many signs of the latter happening on a broad scale yet. Applying rules of thumb based on historic bull and bear markets, we would not be surprised to see further weakness, so remain cautious and alert to the rapidly changing backdrop.

In recent weeks, we increased our net exposure to the 70% range, including removing index shorts. This weighting is in line with our long-term average, and all else being equal, we would expect to add to short positions (i.e. reduce net exposure) if the markets move higher from current levels.

We remain excited by opportunities across decarbonisation, semiconductors, travel, Chinese consumers, European financials, and growth industrials. On the short side, we continue to protect the portfolio with positions in stocks that, in our view, have alarming fundamentals and/or valuations, most of which are in the technology and consumer areas.

Performance Analysis**

The portfolio has benefited from its broad tool kit during this year's market sell-off, with shorts contributing 5% to returns, providing considerable cushioning. These were skewed towards the "growthier" end of the market, which had been hot for some time leading into late 2021. The broad de-rating of equities, coincident with rising bond yields, meant the long side of the portfolio was not immune to the market sell-off. This is consistent with our experience in the two large bear markets of 2000-03 and 2007-09. On the positive side, within the long portfolio, the top contributors for the calendar year to date include Mosaic (fertiliser), China Overseas Land & Investment (Chinese property), Glencore (mining, commodities trading), Saras (Italian refiner) and Beazley (specialist insurer).

Valuation

The portfolio's aggregate valuation metrics are attractive in both an absolute sense and relative to the market, with a 53% higher starting earnings yield and a 44% discount on an asset basis (see table below).

Metric	Platinum Capital Limited	MSCI AC World Net Index (A\$)
NTM Earnings Yield	10.4% (Price-to-Earnings ratio of 9.6x)	6.8% (Price-to-Earnings ratio of 14.8x)
NTM Dividend Yield	3.4%	2.8%
Price-to-Book Ratio	1.4x	2.5x
Enterprise Value-to-Sales	1.4x	1.7x

The valuations in the table have been calculated by Platinum and for the portfolio refer to the long portion of the portfolio, exclude negative net earnings and use FactSet consensus earnings. As at 31 July 2022. NTM = next twelve months.

*Market returns throughout this report refer to the MSCI AC World Net Index in A\$. Source: FactSet.

Source: Platinum. Contribution numbers are based on the total return of individual positions (in AUD) and are gross as they do not take into account the portfolio's fees and costs (other than brokerage). **Past performance is not a reliable indicator of future returns.