



**Platinum
Capital[®] Limited**
**Quarterly Investment
Manager's Report**

30 September 2019

 **Platinum[®]**
CAPITAL LIMITED
ABN 51 063 975 431

Investment Update

by Andrew Clifford, Portfolio Manager

Performance

(compound pa, to 30 September 2019)

	QUARTER	1 YR	3 YRS	5 YRS	SINCE INCEPTION
Platinum Capital Limited	3.1%	3.7%	10.5%	8.6%	12.0%
MSCI AC World Index [^]	4.0%	8.8%	14.4%	12.4%	7.3%

PMC's returns are calculated using PMC's pre-tax net tangible asset (NTA) backing per share as released to the ASX monthly. PMC's returns are calculated after the deduction of fees and expenses, have been adjusted for taxes paid and any capital flows, and assume the reinvestment of dividends.

PMC's returns are not calculated using PMC's share price.

Portfolio inception date: 29 June 1994.

[^] Index returns are those of the MSCI All Country World Net Index in AUD.

Historical performance is not a reliable indicator of future performance.

Source: Platinum Investment Management Limited for PMC's returns; FactSet for MSCI Index returns. See note 1, page 10.

Net Tangible Assets

The following net tangible asset backing per share (NTA) figures of Platinum Capital Limited (PMC) are, respectively, before and after provision for tax on both realised and unrealised income and capital gains.

	PRE-TAX NTA	POST-TAX NTA
30 June 2019	\$1.5686	\$1.5259
31 July 2019*	\$1.5604	\$1.5086
31 August 2019*	\$1.5271	\$1.4864
30 September 2019	\$1.5709	\$1.5193

* Ex-dividend. Adjusted for the 30 June 2019 final dividend of 4 cents per share, declared on 15 August 2019 and paid on 13 September 2019.

Source: Platinum Investment Management Limited.

PMC returned 3.1% for the quarter and 3.7% for the last 12 months. These returns lagged the performance of global equity markets, which returned 4.0% and 8.8% respectively.

The markets had to contend with numerous issues over the last three months. Chief among these was the further deterioration in US-China relations. The US imposed additional tariffs on China's exports to the US with threats of more to come, there was no resolution to the bans on the sale of components to Huawei, and sanctions were placed on COSCO, the world's fourth-largest shipping company. In addition, there were anti-government protests in Hong Kong, attacks on Saudi Arabia's oil facilities, and the ongoing Brexit saga in the UK. Interest rates also continued to fall, with a strong consensus developing that low rates will persist for a considerable period to come. As we discuss in this quarter's Macro Overview, this has continued to drive investors toward perceived safe havens such as utilities and consumer staples, and growth stocks such as technology, that have continued to lead the market higher. Meanwhile, the performance of cyclical sectors, such as energy, materials, financials and industrials, has continued to lag.

As we noted previously in our March 2019 quarterly report¹, our approach of avoiding the crowd and seeking out those assets that are out-of-favour with investors, has resulted in PMC migrating to investment opportunities in China, and cyclical sectors such as semiconductors, autos, energy, and metals, where we believe there is significant value. It is our assessment that stock prices in these sectors indicate far better future investment returns than the fashionable growth and defensive sectors that are currently attracting investors' attention.

¹ https://www.platinum.com.au/PlatinumSite/media/Reports/pclqtr_0319.pdf

While overall the portfolio's returns have lagged the market, our investment approach has resulted in good returns from numerous holdings during the quarter and the last 12 months. Amongst these were a number of our high-quality and fast-growing Chinese companies, such as **ZTO Express** (express parcel delivery) and **Anta Sports Products** (sports apparel). Our semiconductor names such as **Micron Technology**, **Intel**, and **Microchip Technology** also provided a strong contribution to performance.

Our investments in energy and materials detracted from performance, largely reflecting stagnating commodity prices due to softer economic conditions. Key stocks that detracted included **Peabody Energy**, **Transocean**, **MMG** and **Glencore**. We continue to maintain our exposure, as we believe the strong long-term story of undersupply in these core commodities remains intact. Short positions, while detracting from returns in the most recent quarter to the tune of -0.3%, have contributed positively to annual returns.²

Changes to the Portfolio

The net exposure of the portfolio increased over the quarter from 64% to 74%. A large part of this change was due to the reduction in index shorts early in the quarter when the US and China indicated that they would return to the negotiating table on trade.

Otherwise, over the course of the quarter we continued to add to a range of existing holdings to take advantage of the attractive prices on offer. This included Japanese industrials (MitsumiMinebea and Sumco), and copper producers (Glencore and First Quantum). A new position was initiated in Meituan Dianping, a Chinese e-commerce platform that provides food delivery services (similar to Uber Eats) and a hotel room booking service.

These purchases were funded by trimming a number of our strong performers, including ICICI Bank (India), Ping An Insurance (China), Kweichow Moutai and Jiangsu Yanghe Brewery (Chinese white spirits producers) and Anta Sports (Chinese sports apparel). In addition, we exited our position in China Merchants Bank, which was approaching our target valuation levels. The net outcome of these transactions was a reduction in cash holdings from 15% to 11%.

² 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.

Disposition of Assets

REGION	30 SEP 2019	30 JUN 2019
Asia	35%	36%
North America	23%	22%
Europe	17%	17%
Japan	13%	11%
South America	1%	1%
Australia	1%	1%
Africa	0%	1%
Cash	11%	15%
Shorts	-16%	-23%

Numerical figures have been subject to rounding.

See note 2, page 10. Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	30 SEP 2019	30 JUN 2019
Financials	14%	17%
Materials	13%	12%
Industrials	12%	11%
Communication Services	11%	12%
Information Technology	10%	7%
Consumer Discretionary	8%	7%
Energy	5%	5%
Health Care	3%	2%
Real Estate	2%	3%
Consumer Staples	0%	2%
Other*	-4%	-12%
TOTAL NET EXPOSURE	74%	64%

* Includes index short positions.

Numerical figures have been subject to rounding.

See note 3, page 10. Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Samsung Electronics	Korea	Info Technology	3.9%
Ping An Insurance	China	Financials	3.9%
Glencore plc	Switzerland	Materials	2.8%
Facebook Inc	US	Comm Services	2.8%
Alphabet Inc	US	Comm Services	2.7%
ZTO Express Inc ADR	China	Industrials	2.5%
Bharti Airtel Ltd	India	Comm Services	2.4%
TechnipFMC Ltd	UK	Energy	2.4%
PICC Prop & Casualty	China	Financials	2.3%
Intel Corp	US	Info Technology	2.2%

As at 30 September 2019. See note 5, page 10.

Source: Platinum Investment Management Limited.

For further details of PMC's invested positions, including country and industry breakdowns and currency exposure, updated monthly, please visit www.platinumcapital.com.au.

Outlook

Over the last 12 months, we have noted the attractive valuations across the portfolio as a reason to be cautiously optimistic about PMC's future returns. We continue to hold this view. The average forward price-earnings-ratio (P/E) for the long positions in the portfolio is 10.8x, which continues to compare favourably with market averages. Further, our quantitative and qualitative assessments lead us to believe that the portfolio remains more profitable and faster growing than our global universe of stocks.

The question is then, when are returns likely to be realised from the portfolio? This is not easy to answer, but we would note the last 18 months has been a period characterised by a slowing global economic environment, centred on a weakening manufacturing sector. It has also been a period marked by significant political uncertainties, most notably US and China relations, and a collapse in interest rates back to low levels. At some point we should move through this period of weakness in activity and we would expect this to coincide with better stock price performance from our investments.

After such a period of deterioration, it is difficult to imagine this inflexion point. Yet when we turn our mind to the many exciting developments unfolding, such as the roll-out of 5G mobile phone networks, ongoing investment in data centres required for e-commerce and artificial intelligence, electric vehicles, autonomous vehicles, and the ongoing growth of the Chinese consumer, there are many reasons to be positive. The risk is that the rhetoric and actions of political leaders around the world damage this potential.

The main concern for markets is the crowding of investors into the popular growth and defensive sectors. Valuations for many businesses in these areas are high, but it is the eulogising of some of these companies, particularly in the software and payments sector, that is indicative of a relatively well-developed mania. What is interesting is that the enthusiasm of investors appears to have not been significantly damaged by the poor performance or failure of initial public offerings (IPOs) of former high-flying concepts such as Uber (-36% since its May 2019 listing) and WeWork (IPO withdrawn in September 2019).

Net Currency Exposures

CURRENCY	30 SEP 2019	30 JUN 2019
US dollar (USD)	40%	38%
Japanese yen (JPY)	18%	16%
Euro (EUR)	13%	13%
Hong Kong dollar (HKD)	12%	14%
Chinese yuan (CNY)	7%	10%
Korean won (KRW)	6%	5%
British pound (GBP)	5%	4%
Indian rupee (INR)	5%	6%
Canadian dollar (CAD)	3%	2%
Norwegian krone (NOK)	2%	2%
Swiss franc (CHF)	2%	2%
Australian dollar (AUD)	1%	1%
Brazilian real (BRL)	1%	0%
Zimbabwean dollar (ZWL)	0%	1%
Chinese Yuan offshore (CNH)	-15%	-15%

Numerical figures have been subject to rounding.

See note 4, page 10. Source: Platinum Investment Management Limited.

Macro Overview

by Andrew Clifford, CIO, Platinum Investment Management Limited

Markets priced for recession on trade and political uncertainty

The notable feature of the September quarter was the global collapse in long-term interest rates following cuts in official interest rates by the US Federal Reserve (Fed), European Central Bank (ECB), Reserve Bank of Australia (RBA) and other central banks. At one point, the yield on the US 10-year Treasury fell to 1.5%, which was the lowest level since the European sovereign crisis of 2012 and the China slowdown of 2016 (see Fig. 1). This level compares with a yield of 2.1% reached in 2008 during the global financial crisis (GFC). More significantly, German 10-year Bund yields fell to -0.7%, a rate that results in an investor receiving \$93 in 10 years' time for \$100 invested today. In prior periods of economic and financial stress, Bunds had previously fallen to -0.1% in 2016, 1.2% in 2012, and 3% in 2008.

Clearly, the global economy has lost momentum over the last 18 months, most notably with a collapse in manufacturing activity. Purchasing manager surveys for the manufacturing sector have fallen below 50 in the major economies (see Fig. 2), indicating that activity has declined. As we have noted in past reports, the slowdown in manufacturing initially resulted

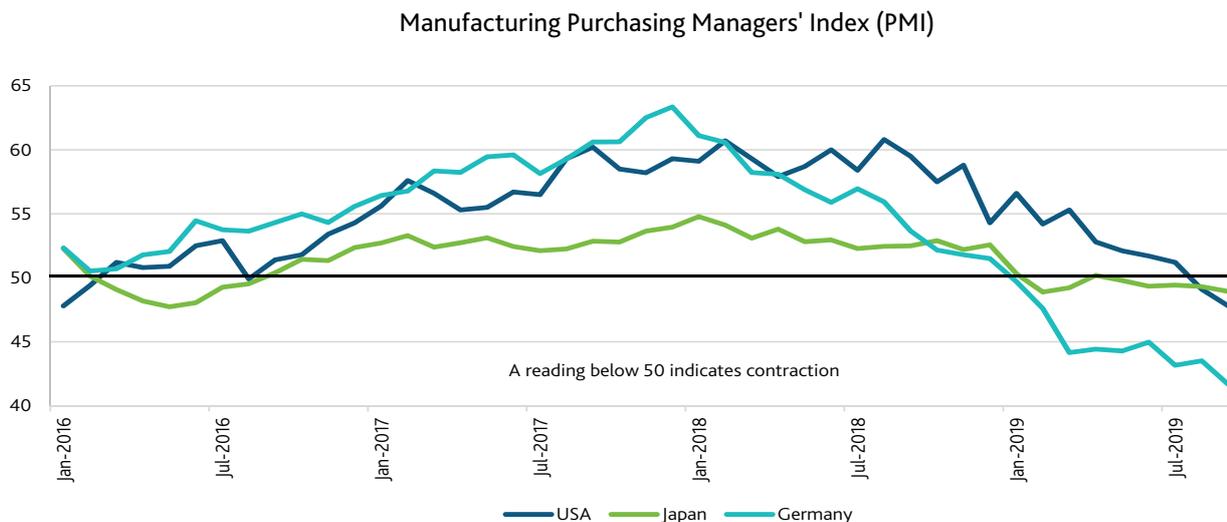
from China's reform of its financial system in 2017 that resulted in an unexpected tightness in the availability of credit in that economy. As China is the largest market for most manufactured goods, this has had a significant impact beyond its borders. Subsequently, the US trade war with China has created additional uncertainty for the manufacturing sector, reinforcing this slowing tendency.

Unquestionably, global manufacturing is already in a recession, and in this regard, cuts in interest rates by central banks and falling bond yields make sense. However, other indicators suggest that the major economies are relatively resilient, at least for the moment. Most notably, employment remains strong in the US, Europe and Japan. Employment is generally regarded as a lagging indicator of economic activity. However, the fact that the developed economies are still creating jobs (even in the US, which is more than 10 years into its post-GFC recovery) is indicative that we are far from the extraordinarily problematic environment of the GFC, European sovereign crisis, or Chinese slowdown of 2016. It is in this context that the collapse in long-term interest rates is somewhat confounding. That is, that we are at record low long-term interest rates even though we are far from the crises of recent years.

Fig. 1: US and German Bond Yields Plummet in 2019



Source: FactSet, as at 30 September 2019.

Fig. 2: Global Manufacturing in Contraction Territory

Source: FactSet, as at 30 September 2019. The PMI is 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.

In attempting to resolve this conundrum, it is worth noting that central banks have played an important role in setting long-term rates in recent years through their quantitative easing (QE) policies where they are active buyers of bonds.¹ In September, the ECB confirmed its intention to continue with its QE policy, and the Bank of Japan's QE program is ongoing. Thus, the collapse in bond rates in Europe and Japan partly reflects the actions of their central banks. While yields in other bond markets, such as the US or Australia, should reflect local conditions, there is a high degree of correlation between the global bond markets. As such, long-term interest rates in these markets have been heavily influenced by the policies of other central banks. Certainly, there is a sense that the short-term interest rate decisions of some central banks are being driven by concerns around unwanted currency appreciation resulting from interest rate differentials between countries.

¹ Quantitative easing (QE) is 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.

The other explanation for the plunge in long-term interest rates is simply that the market is anticipating a significant global recession. It is not hard to arrive at such an outcome. The US approach to trade policy, not just with China but also the rest of the world, is increasingly erratic. It is possible (for an optimist) to interpret their most recent action of delaying the implementation of some of the tariffs until after the Christmas shopping period as an acknowledgement that the latest round of tariffs will impact US consumers and potentially signals a limit to the pain they are prepared to inflict on themselves. Then again, this could also be read as part of the 'on again – off again' approach of the last 18 months. Our base case is that a resolution between the US and China in the near term is unlikely.

The trade situation isn't the only uncertainty facing the world. There are the ongoing protests in Hong Kong and the growing tensions in the Middle East with the attack on the Saudi Arabian oil facilities. Either of these situations could readily escalate into a major event, impacting the global economy and markets. There is also the ongoing Brexit circus, which is undoubtedly weighing on consumer and business confidence in the UK. The US 2020 election campaign could be the next issue that dampens confidence. On the one hand, the leading Democrat nominees for president have policy agendas that are unlikely to engender business or market confidence. On the other hand, a second term for President

Trump could be even more drama filled than the first, as he won't need to filter his actions by a desire to be re-elected.

At this point, while interest rate markets appear to be anticipating a significant slowdown, it is by no means a guaranteed outcome. Firstly, short-term interest rates are falling and while we, along with many others, question the likely effectiveness of such measures in encouraging growth, it is probably an improvement on 12 months ago when rates were rising. The one economy where rates may yet make a significant difference is China, where short-term interest rates have fallen from around 5% at the beginning of 2018 to below 3% today.²

There is of course a very real economic limitation on how long the policy of low to zero rates can persist. Banks play a critical role in the economy of taking deposits and recycling them as loans. While banks may resort to offering their customers zero rates on their deposits when interest rates are very low, the cost of gathering these deposits in terms of

² Source: FactSet, China 3-Month Shanghai Interbank Offered Rate (SHIBOR), as at 30 September 2019.

operating their branch networks is not insignificant. If banks are unable to lend at a margin above the total cost of raising these funds, then the banking system will break down. This is why the system cannot support rates significantly below zero.

Whether the current cuts in interest rates have any impact on engendering a recovery or not, it is very clear monetary policy is approaching its limitations. As such, it is not surprising to hear central banks around the world arguing that it is time for governments to pursue expansionary fiscal policies.

As such, it is likely in our view that governments around the world will be more inclined to boost spending and cut taxes. The US has already started down this path with significant tax cuts implemented in 2018. Over the last year, China has cut taxes and increased government spending, though the impact on the economy to date has been muted. Recently, France, the Netherlands and India have each announced significant tax cuts. In Germany, the debate has started on whether the government should enact fiscal stimulus. We expect this move towards larger government deficits to become part of the economic landscape over the next few

MSCI Regional Index Net Returns to 30.9.2019 (USD)

REGION	QUARTER	1 YEAR
All Country World	0.0%	1.4%
Developed Markets	0.5%	1.8%
Emerging Markets	-4.2%	-2.0%
United States	1.4%	3.5%
Europe	-1.8%	-0.4%
Germany	-4.0%	-7.1%
France	-1.7%	-1.6%
United Kingdom	-2.5%	-2.9%
Italy	-0.1%	3.9%
Spain	-3.8%	-3.5%
Russia	-1.4%	18.0%
Japan	3.1%	-4.7%
Asia ex-Japan	-4.5%	-3.4%
China	-4.7%	-3.9%
Hong Kong	-11.9%	-1.8%
Korea	-4.5%	-13.8%
India	-5.2%	4.7%
Australia	-1.4%	6.1%
Brazil	-4.6%	25.4%

Source: FactSet.
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 30.9.2019 (USD)

SECTOR	QUARTER	1 YEAR
Utilities	5.5%	19.3%
Consumer Staples	3.6%	10.8%
Information Technology	2.6%	6.3%
Communication Services	0.3%	8.0%
Consumer Discretionary	-0.2%	1.0%
Industrials	-1.0%	-0.6%
Financials	-1.2%	-0.3%
Health Care	-1.4%	-2.5%
Materials	-4.6%	-4.8%
Energy	-5.5%	-14.9%

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

years. Whether this generates a pick-up in activity will depend on the speed at which governments act and the effectiveness of their programs. It is interesting that to date the actions have primarily focused on cutting taxes, but there is a risk that consumers and businesses will save some of the windfall rather than spend it, thus reducing the benefit hoped for by their government.

Market Outlook

With the collapse in interest rates over the course of this year, there has developed an extraordinary belief that interest rates will stay low for a long time to come. On one level, this is not a surprise to us. What is interesting though is the high degree of certainty that this view is held, particularly when we believe that now is the time to start questioning whether this will continue to be the case. Simply, if there are co-ordinated fiscal expansions across the globe in the next few years, we may potentially see competition for funding drive up the cost of money. If this occurred during a period of relative full employment and high capacity utilisation in many industries, it may also result in higher inflation due to competition for resources. Currently, such a scenario is almost inconceivable, and certainly, we are not suggesting a significant change in the interest rate landscape in the next year. However, given the yield on the US 10-year Treasury was over 3% just nine months ago, it's not implausible that such levels could be readily regained within the next two to three years.

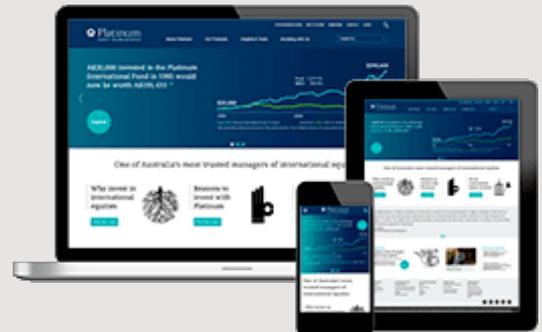
The implications of this strong global consensus on interest rates is critical for not only the overall performance of equity markets, but trends within the markets. Low interest rates have driven investors to seek returns elsewhere, including the stock market. Yet this is occurring at a time when there are many reasons to discourage investment in the market. Besides the political environment that we find ourselves in, there is the ongoing disruption of traditional business models by e-commerce and other technologies, that make investing in many of the traditional blue chip stocks a difficult proposition. The intuitive response of investors has been to avoid businesses that have any exposure to the economic cycle, trade war, or any other uncertainty. As such, investors have preferred to own defensive businesses including consumer staples, infrastructure, utilities and property, as well as fast-growing companies in areas such as e-commerce, payments, and biotechnology. As a result, as we have noted in past reports, the valuations of these companies have been pushed to very high levels.

If interest rates were to deviate from current expectations that they will remain low indefinitely, it is likely that this would result in significant falls in the prices of these popular and fashionable investments. Of course, with weak PMI readings and central banks in the midst of rate cuts it is early days to be making such a call. Nevertheless, when consensus views and positioning are clearly in one direction, investors should be cautious and consider alternative views. We expect that calls for fiscal stimulus by governments will continue to build and ultimately cast doubt on the "lower for longer view" on interest rates.

The Journal

Visit www.platinum.com.au/Our-Products/PMC to find a repository of information about Platinum Capital Limited (PMC) including:

- Performance and NTA history
- Dividend history and the Dividend Reinvestment Plan
- ASX releases and financial statements
- Monthly updates on performance, portfolio positioning and top 10 holdings.



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 **audio podcasts** or watch brief market updates in **video** form.

Over the last few months we have increased our video content. The short videos feature our portfolio managers commenting on market trends and where they are finding interesting investment opportunities.

Latest videos include:

- **Earnings Growth is the Key to Real Returns¹**. Platinum's CIO, Andrew Clifford, explains why individual company earnings and the cashflows they return to shareholders are the key driver of real returns over the medium to long term.
- **Perception vs. Reality Creates Opportunities in Europe²**. Despite the negative headlines, there's a lot of reasons to be positive about Europe. Employment and incomes are rising, while trade balances are back in the black. Nik Dvornak explains how the disconnection between perception and reality is presenting attractive investment opportunities.
- **Innovation and Generational Change Shaping Japan³**. Change is afoot in Japan. Scott Gilchrist explains how generational, technological and long-awaited corporate governance changes are transforming its economy - providing many exciting and interesting investment opportunities.
- **The Rise of the Consumer and Private Enterprise in China⁴**. China's rapid adoption of technology and urban population density are key drivers of its astonishing economic transition. Dr Joseph Lai discusses where his team is finding attractive investment opportunities in the burgeoning consumer sector and what surprises him the most about China's economy.
- **The Growing Valuation Divergence Between Growth and Value⁵**. Clay Smolinski explains why there is a growing valuation divergence between growth and value stocks, how Platinum is responding, and why he expects the value-based approach will return to favour.

1 <https://www.platinum.com.au/Insights-Tools/The-Journal/Video-Value-Vs-Growth>

2 <https://www.platinum.com.au/Insights-Tools/The-Journal/Video-%E2%80%93-Perception-vs-Reality-Creates-Opportunit>

3 <https://www.platinum.com.au/Insights-Tools/The-Journal/Innovation-and-Generational-Change-Shaping-Japan>

4 <https://www.platinum.com.au/Insights-Tools/The-Journal/The-rise-of-the-consumer-and-private-enterprise-in>

5 <https://www.platinum.com.au/Insights-Tools/The-Journal/The-growing-valuation-divergence-between-growth-an>

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). "PMC" refers to Platinum Capital Limited (ABN 51 063 975 431) (ASX code: PMC).

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. PMC's returns are calculated using PMC's pre-tax net tangible asset (NTA) backing per share (as released to the ASX monthly). PMC's returns are calculated after the deduction of fees and expenses, have been 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.**

PMC's returns have been provided by Platinum. The MSCI All Country World Net Index (A\$) returns have been sourced from FactSet. Index returns are in Australian Dollars and are inclusive of net official dividends, but do not reflect fees or expenses. The gross MSCI Index was used prior to 31 December 1998 as the net MSCI Index did not exist then. For the purpose of calculating the "since inception" returns of the Index, PMC's portfolio inception date (29 June 1994) is used. Platinum does not invest by reference to the weightings of the Index. PMC's underlying assets are chosen through Platinum's bottom-up investment process and, as a result, PMC's holdings may vary considerably to the make-up of the Index. Index returns are provided as a reference only.

The investment returns shown are historical and no warranty can be given for future performance. Historical performance is not a reliable indicator of future performance. Due to the volatility in PMC's underlying assets and other risk factors associated with investing, investment returns can be negative, particularly in the short-term.

2. The geographic disposition of assets (i.e. the positions listed other than "cash" and "shorts") represents, as a percentage of PMC's portfolio value, PMC's exposures to the relevant countries/regions through direct securities holdings and long derivatives of stocks and indices.
3. The table shows, as a percentage of PMC's portfolio value, PMC's exposures to the relevant sectors through direct securities holdings as well as both long and short derivatives of stocks and indices.
4. The table shows the effective net currency exposures of PMC's portfolio as a percentage of PMC's portfolio value, taking into account PMC's currency exposures through securities holdings, cash, forwards, and derivatives. The table may not exhaustively list all of PMC's currency exposures and may omit some minor exposures.
5. The table shows PMC's top 10 long equity positions as a percentage of PMC's portfolio value, taking into account direct securities holdings and long stock derivatives. The designation "China" in the "Country" column means that the company's business is predominantly based in mainland China, regardless of whether the company's securities are listed on exchanges within mainland China or on exchanges outside of mainland China.

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