



**Platinum
Global Fund[®]
Quarterly Investment
Manager's Report**

31 March 2022

Investment Update

Platinum Global Fund



Clay Smolinski
Portfolio Manager

Performance

(compound p.a.* to 31 March 2022)

	QUARTER	1 YR	3 YRS	5 YRS	SINCE INCEPTION
Platinum Global Fund*	-10.8%	-7.7%	6.0%	7.5%	8.3%
MSCI AC World Index^	-8.4%	8.8%	11.7%	12.0%	12.0%

* Excluding quarterly returns.* Fund returns are after fees and costs, are before tax, and assume the reinvestment of distributions.

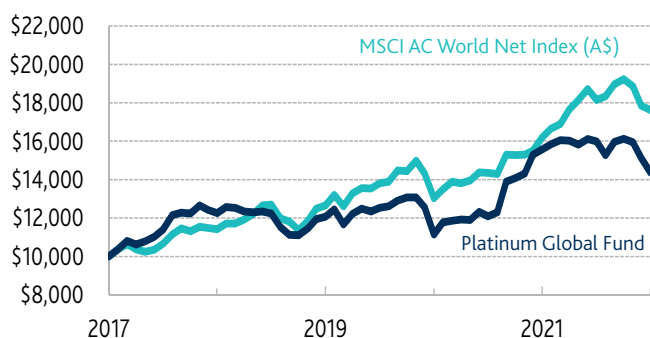
Inception date: 8 September 2014.

^ 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 Fund returns; FactSet Research Systems for Index returns. See note 1, page 11.

Value of \$10,000 Invested Over Five Years

31 March 2017 to 31 March 2022



After fees and costs, before tax, and assuming reinvestment of distributions. Source: Platinum Investment Management Limited for Fund returns; FactSet Research Systems for Index returns. Historical performance is not a reliable indicator of future performance. See notes 1 & 2, page 11.

In Brief:

- The Russian invasion of Ukraine and the government and corporate-imposed sanctions that followed was the catalyst for the Fund's negative return over the quarter.
- Detractors from performance tended to be clustered in our Chinese companies, businesses with exposure to Eastern Europe, and industrials. Our commodity producers posted strong gains.
- The disruption to the global energy market is hard to overstate. In response, we bought positions in oil and gas producers Suncor Energy and Shell.
- We initiated positions in Erste Bank and low-cost European airline Wizz Air, and reinstated a position in online travel agent Booking Holdings. We also added to our holdings in Intesa Sanpaolo, Chinese online travel agent Trip.com, Japanese precision component manufacturer MinebeaMitsumi and advertising giant Meta Platforms.
- The Russia-Ukraine conflict has reinforced our belief that a large global capital expenditure cycle is required. The attempt to move the globe to a low-carbon energy mix will require one of the largest capital works programs seen in the last 100 years. There is also likely to be hundreds of billions of dollars spent on energy (to replace oil and gas flows) and defence in Europe, and a renewed emphasis on security of supply of a range of critical manufacturing (e.g. semiconductor fabrication plants) built closer to home. The Fund continues to hunt for prospective investments around these themes.

The Fund returned -10.8% for the quarter and -7.7% for the year.¹

The Russian invasion of Ukraine and the government and corporate-imposed sanctions that followed was the catalyst for the Fund's return over the quarter.

The first-order effect of the removal of Russian exports from global supply chains (Russia is a major exporter of oil, gas, steel, fertiliser and grains) at a time of already heightened global inflation has required investors to question their prior assumptions around the likelihood of a recession and the future level of interest rates. The invasion has also put the spotlight back on the state of US-China relations, with foreign investors selling Chinese stocks in fear of sanctions being broadened to that country.

In terms of our holdings, price falls tended to be clustered in our Chinese companies, businesses with exposure to Eastern Europe, and industrials. Our commodity producers posted strong gains.

The largest detractor from performance was **Raiffeisen Bank International**, a long-term holding in the Fund, which fell -50% over the quarter. Raiffeisen is an Austrian bank with major banking positions across Central and Eastern Europe (CEE) and an earnings base that is effectively 60% Austria and central Europe (Czech, Hungary, Slovakia) and 40% Russia, Ukraine and Belarus. As we mentioned in our last quarterly report, we sold half our position in Raiffeisen in response to growing geopolitical tensions, but with the benefit of hindsight, the optimal decision at the time would have been to sell it all.

As for our remaining position in the company, if we assume Raiffeisen's Russia, Ukraine and Belarus operations are worth zero (i.e. they effectively hand them over to the respective central banks), we are left with a market capitalisation of €4.1 billion backed by €850 million of net profit and €10 billion of equity. This produces a valuation of 5x and 0.4x book respectively, a level hard not to describe as cheap. Given a number of Raiffeisen's central European positions are attractive acquisition targets and it recently sold its small Bulgarian operation to KBC bank for €1 billion (at a multiple of 14x earnings and 2x book value), there is a good case to maintain our holding now.

Disposition of Assets

REGION	31 MAR 2022	31 DEC 2021
Asia	29%	34%
North America	26%	25%
Europe	23%	18%
Japan	12%	15%
Australia	4%	3%
Other	1%	1%
Cash	5%	4%

Numbers have been subject to rounding. See note 3, page 11.

Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	31 MAR 2022	31 DEC 2021
Industrials	20%	21%
Materials	18%	15%
Information Technology	15%	18%
Financials	15%	17%
Communication Services	7%	8%
Consumer Discretionary	6%	7%
Energy	5%	1%
Real Estate	4%	4%
Health Care	2%	5%
Consumer Staples	2%	1%
TOTAL NET EXPOSURE	95%	96%

Numbers have been subject to rounding. See note 4, page 11.

Source: Platinum Investment Management Limited.

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

For further details of the Fund's invested positions, including country and industry breakdowns and currency exposure, updated monthly, please visit www.platinum.com.au/our-products/pgf.

As mentioned, the other major detractors tended to be clustered in China (**Weichai Power** -19%, **Tencent** -16%, **ZTO Express** -11%) and industrials (**Lixil** -25%, **MinebeaMitsumi** -17%, **LG Chem** -13%), with the falls being more macro related rather than clear company specifics. For the Chinese holdings, the falls can be largely traced back to worries over the geopolitical situation, with the companies more widely held by foreign shareholders tending to fall the most. With regards to the industrial stocks, given rocketing commodity prices, the concern was largely supply chain and input cost related.

The key contributors to performance over the quarter were our commodity producers with major copper, nickel and coal miner **Glencore** rising 33%, while US fertiliser (phosphate and potash) producer **Mosaic** rose 69%. Russia's importance to global energy exports is well known, what garners less air time is their significant agricultural exports. Russia and Ukraine account for 29% of global wheat exports, while Russia and Belarus account for approximately 40% of the potash export market.² A disruption to the agriculture market of this scale has rarely been seen before. The grain and fertiliser markets were already tight in 2021, as China's grain stocks had been decimated due to flooding and the need to rebuild their pig herd post the swine flu in 2020. In the case of fertiliser, the lead time to replace this amount of tonnage is a minimum of three years, and the strong rise in Mosaic's share price represents the market finally coming to the view that high prices may persist for some time.

Changes to the Portfolio

There was a higher-than-usual level of activity in the Fund.

In the first two months of the quarter, we sold out of Chinese sportswear maker **Li Ning** and express logistics player **FedEx**. After a strong run, we also sold 25% of our holding in semiconductor manufacturer **Micron Technology**.

With the falls in equity markets post the Russian invasion, the pace of activity picked up. Similar to agriculture, the disruption to the global energy market, as a result of the West not wishing to buy Russian oil and gas, is hard to overstate, and there is potential for high prices to persist during a lengthy transition. In response, we bought positions in oil and gas producers **Suncor Energy** and **Shell**, with the latter of particular interest given its liquified natural gas (LNG) assets.

² Source: US Department of Agriculture, ICIS, Morgan Stanley.

European banks, global travel stocks and industrials were hit hard in the sell-off. We initiated positions in **Erste Bank** and low-cost European airline **Wizz Air**, and reinstated a position in online travel agent **Booking Holdings**. In a similar vein, we added to our holdings in **Intesa Sanpaolo**, Chinese online travel agent **Trip.com**, Japanese precision component manufacturer **MinebeaMitsumi** and advertising giant **Meta Platforms** (previously known as Facebook).

Wizz Air is the second airline we now own in the Fund. Buying an airline whilst oil prices are rocketing may seem counter-intuitive, but there are several reasons Wizz can be a much larger business 3-5 years out. Firstly, we are generally interested in travel, as the industry is still suppressed by COVID and there is scope to see a boom in travel spending as people prioritise a holiday or visiting family. Indeed, we are seeing evidence of this building, with hotel room rates in the US now trending 20% higher than pre-COVID prices.³

Secondly, Wizz operates an 'ultra-low-cost carrier' business model, utilising young staff sourced from lower-cost central European countries and operating one of Europe's youngest and most-efficient plane fleets. As a result, Wizz is Europe's lowest-cost airline, a position it holds with Ryanair.⁴ Thanks to the European Union (EU) open skies agreements, the bulk of European airspace operates like it would within Australia or the US, with national borders removed and carriers free to fly to whatever city pairs they wish. What is different to Australia and the US, is the structure of the EU airline market, with a significant amount of capacity still held by inefficient high-cost legacy state-run airlines, a situation particularly true in Wizz's central European home market.

The industry maxim of "there is never a demand problem for the airline with the cheapest seats", has generally rung true in practice, with airlines like Wizz and Ryanair being able to consistently expand and push out higher-cost competitors. Wizz operates a fleet of 150 aircraft today, but has an order book of 400 more airbus A321neo aircraft to be delivered over the next eight years. The transition of the fleet to a321neos will further extend Wizz's cost advantage over its peers, many of whom delayed their order books due to COVID. The a321neo effectively costs the same to run as the smaller a320 (via 15% less fuel burn) but carries an additional 59 passengers 'for free'.

³ Source: Booking Holdings fourth-quarter company report.

⁴ Source: Wizz Air and Ryanair financial reports, Bernstein.

The 50% fall in Wizz's share price post the invasion, gave us a great opportunity to buy it at a valuation of 13x what the airline made in 2019 pre COVID. The 2019 profit result was generated from a fleet of 100 planes, and with Wizz's larger fleet size there is the prospect of Wizz's earnings to be 2-3x higher in the future.

Outlook

A factor reinforced by the Russia-Ukraine conflict is our belief that a large global capital expenditure cycle is required. The attempt to move the globe to a low-carbon energy mix will require one of the largest capital works programs seen in the last 100 years, and on top of that, there is likely to be hundreds of billions of dollars spent to replace oil and gas flows in the medium term, an additional €100 billion of annual defence spending in Europe and a renewed emphasis on security of supply of a range of critical manufacturing (e.g. semiconductor fabrication plants) built closer to home. The Fund continues to hunt for prospective investments around these themes.

The picture at the end of December was one of strong economic growth in the US and Europe, with the Chinese government starting to stimulate their economy leading into the October re-election. At the same time, there was an inflation problem in the West, with the US Federal Reserve committed to raising interest rates throughout 2022. In that environment, our positioning was to avoid the expensive speculative areas of the market that were pricing in low interest rates and invest where relative valuations were more favourable.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Microchip Technology Inc	US	Info Technology	5.0%
Samsung Electronics Co	South Korea	Info Technology	4.4%
Glencore PLC	Australia	Materials	4.4%
Mosaic Co	US	Materials	3.7%
ZTO Express Cayman Inc	China	Industrials	3.5%
UPM-Kymmene OYJ	Finland	Materials	3.3%
MinebeaMitsumi Co Ltd	Japan	Industrials	3.1%
China Overseas Land & Inv	China	Real Estate	3.1%
Itochu Corp	Japan	Industrials	2.8%
Micron Technology Inc	US	Info Technology	2.8%

As at 31 March 2022. See note 5, page 11.

Source: Platinum Investment Management Limited.

While much of the above is still true, there are significant new factors on the economic front. Consumers are now facing higher fuel and food prices, the US 30-year mortgage rate has jumped to 4.6% (near the highest in a decade),⁵ Germany is warning its companies that they may need to ration access to natural gas and China is returning to mass-scale lockdowns to control COVID. In short, the chances of a slowdown have dramatically increased, and in response, most Western markets have fallen 5-10% while China fell 30%.

Overall, we are happy to buy companies where this more difficult outlook has been fully reflected in their price (for example Wizz Air and Erste Bank that fell -50% and -40% respectively post the start of the war) but would observe still large chunks of the market have not reacted. The issues of inflation, energy security and shortages can't be solved with money printing and represent a different challenge than investors have experienced over the last decade. Given this, we are actively positioning the Fund to reflect this more cautious outlook.

⁵ Source: Federal Reserve Bank of St. Louis.

Macro Overview: Navigating Through Complex Times

by Andrew Clifford, Co-Chief Investment Officer

In late March, CEO and co-CIO Andrew Clifford sat down with Investment Specialist Julian McCormack to discuss the quarter's dramatic world events and what they mean for inflation, interest rates and markets. An edited transcript of the conversation is below.*

JM: Andrew, after starting the new year on a strong note, financials, industrials and materials, essentially cyclical stocks, reset lower in February on fears around the Russia-Ukraine conflict, what are your thoughts on a 3-5-year view?

AC: I think it's worth returning to where we were before the invasion of Ukraine and COVID really took hold in China. We were in a situation where we were clearly coming out of the pandemic, countries were reopening, there had been a huge amount of fiscal stimulus across the world and economies were looking in great shape. We also had an extraordinary rise in inflation to levels we haven't seen in 40 years, and with that, there was the realisation that interest rates were going to rise, and by a quite a lot. That environment was going to be very positive for financials, industrials, materials, travel stocks, and the like. Indeed, towards the end of last year and the first few weeks of the new year, they were doing very well. On the flipside, it was also an environment that was going to be very challenging for the stocks that had driven markets for the last three years, particularly the last two, the growth stocks or 'quality compounders' as they are often referred to. Indeed, some of the big favourite names like Facebook or Meta Platforms as it's now called, Netflix and other excitable growth names experienced some significant setbacks. These are the types of stocks that trade on 20, 30, 50 times sales and have serious valuation implications in a higher interest rate environment. I would add that when it comes to bull markets, there are two things that happen: there's a great story; and the story gets better in people's

minds as the prices reinforce it. The story is correct, but when rates suddenly start rising and stock prices stumble, people start looking more closely. A stock such as Facebook, for example, has gone from being an unsurpassed media giant for digital advertising, to a company really struggling in terms of competition and changes in its environment. Netflix, likewise, has been through similar challenges. So, as people start paying more attention to these stocks, we start to get a very different stock market environment.

JM: Interestingly, people have returned to those kinds of exposures, the quality compounders, in recent weeks, driving astounding performance in stocks like Tesla, Microsoft and Apple. What do you make of that?

AC: To me, it seems to be a reflex action for investors that's been driven into them over recent years. We have talked a lot over the past five years about how people were 'forced' into equities. They didn't really want to leave the safety of their bank deposits but had no other option in order to get returns. They wanted to invest in something they felt comfortable with, that was 'safe'. And that's certainly what the quality compounders and the Microsofts of the world appear to offer. We have gone from a period where investors were probably gaining confidence, there was an economic recovery underway and yes, interest rates were going to rise, but it wasn't the end of the world, to now facing a war on the Continent. There are also questions about China's role in the Russia-Ukraine conflict and the implications of that, as well as concerns about the strength of the Chinese economy,

*The full interview is available in audio format on The Journal page of our website <https://www.platinum.com.au/Insights-Tools/The-Journal>

which continues to struggle. The huge increase in uncertainty sees the "let's go back to safety" playbook come out yet again. While it doesn't surprise me, what I do find extraordinary this time, is that people actually want to return to these stocks, despite rates now rising. We always tend to focus on the US, but central banks across the world have been raising rates for a while. In the US, I follow the 2-year Treasury yield as an indicator of future rates and it's up around 150 basis points just this year (see Fig. 1). Investors wanting to go back to assets where the value won't be realised for many years out, so there's a discount effect,¹ is pretty bold in my view, especially when the US Federal Reserve (Fed) has reiterated they will be increasing rates. It's worth noting that following the invasion of Ukraine, European lead indicators, such as consumer confidence and business confidence, now look dismal and the economy is most likely going to have a very strong, short disruption at the least. China too is facing a difficult period because of COVID. In contrast, the US economy, for the moment, doesn't look to be skipping a beat, and in fact, taken in isolation, the worry there is that rates may go up much further than many expect.

JM: It's interesting in that context, maybe you could reflect on the process of going from extreme bullishness to bearishness, using past market cycles in terms of timing?

AC: It's always interesting to reflect on some of the timeframes involved. If you go back to 2008 for instance, and from recollection, it was around February when the Bear Stearns issue arose, there had been problems in the mortgage market leading up to that, but yet it wasn't until August that things really came to a head. In more ancient history, I was recently reviewing the end of the Japanese bull market in December 1989. Japanese government bond yields had risen sharply that year, from around 5% to 8%,² so it took a while for the market to crack, but then it certainly did happen. The lesson here is, it can just take time. I think it's worth talking about the other side of the equation too, the stocks that are out of favour, where valuations are back to crisis levels. While we don't know what the next three or six months will look like for companies such as BMW or Eastern European bank Erste Bank, two very high-quality businesses in our view, they are trading at levels last seen in the depths of the COVID sell-off or the 2009 sell-off in terms of their valuations and the strength of their underlying businesses.

¹ Growth companies tend to rely on earnings in the more distant future. When valuing a company, future earnings are discounted back to a present value using a required rate of return, which is related to bond yields. As bond yields rise, the discounting process leads to a lower value in today's dollars, for the same level of future earnings.

² Source: FactSet Research Systems.

Fig. 1: US 2-Year Treasury Yields



Source: Bloomberg as at 31 March 2022.

JM: I am reminded of the common refrain that as everything goes down all at once anyway, we might as well hold the current winners. Does it matter what you own?

AC: Well, if you look at history, there's one great exception to that, which was the end of the tech boom in 2000 and 2001. As tech stocks sold off, all of the out-of-favour companies back then, the 'old world' companies like spirits businesses and consumer staples that were trading on discounted valuations of around 11 or 12 times earnings, were actually rising. The sell-off in 2008/09 was indeed a case of everything going down at the same time. However, the better-valued stocks tend to not go down quite as much and recover much earlier.

Reflecting on last year, certainly there was some good buying to be done in a Microsoft or Facebook in March, however, there were much better buying opportunities in copper stocks, like Freeport-McMoRan or First Quantum Minerals, which were up 50% and 80% respectively over the year to the end of March 2022.³ At the end of the day, you have to get through the cycle to see how it all unfolds, but when we're buying a stock like BMW at 60% of its book value and there's a shortage of cars that will take two or three years to resolve, I think that's great long-term investing in the very traditional sense and not punting stock prices.

³ Source: FactSet Research Systems.

JM: Changing tack slightly, the other great area of focus for investors is China. We've seen an extraordinary response in perhaps some of the more speculative areas of the Chinese market following comments from Chinese Vice-Premier Liu He. Do you have any comments on that?

AC: Firstly, I would like to make an overall comment here, because there are a lot of fears about China, particularly its relationship with Russia. Clearly, China wants to play a very independent role, rather than a more neutral role. We need to remember that the US sanctions against Huawei effectively destroyed one of the greatest private companies of the world, so China naturally has genuine reasons to be fearful of the West and their role here. However, China's success is a product of being part of the global system. Their wealth and livelihood are a function of being part of that system, so to my mind, the likelihood that they will endanger that, is very low. I think that the worst fears are extreme here.

Now, clearly, the reforms of last year have hurt their economy, which they are well aware of, and COVID is now another blow for them. They need to get the economy going again, which explains why Vice-Premier Liu He, in a speech in mid-March, vowed to support economic growth and the capital markets, with notable mentions of the real estate and technology sectors, which have been impacted by regulatory crackdowns. There were also stimulatory measures announced, including tax cuts worth a percent or two of GDP.

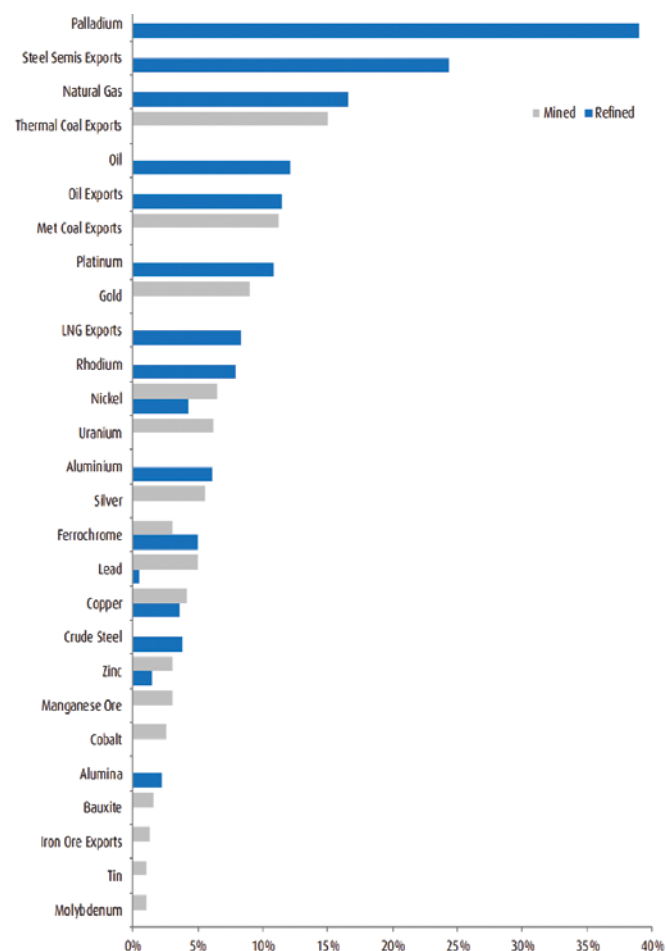
There are also a lot of concerns around Chinese American depository receipts (ADRs), with the US regulator, the Securities and Exchange Commission, looking at potentially delisting some Chinese companies from US stock exchanges. However, that is a sideshow really, because companies are just relisting in Hong Kong. Interestingly though, China has changed their position and is taking a highly conciliatory stance, trying to appease the US.

Back to your question regarding the market reaction, Chinese stocks were very cheap to start with, they were in a big bear market already, and then we had that extraordinary sell-off that only lasted for a couple of days. A bounce on the back of the positive statements was to be expected, but I think there is still some pretty interesting value in that market today.

JM: Apart from the human suffering from events in Ukraine, there are other real-world economic implications globally, can you touch on some of those?

AC: One major repercussion from the Russia-Ukraine conflict is obviously energy prices - not just oil, but also gas and thermal coal. These markets were already incredibly tight and while it's impossible to predict how the war will unfold from here, short of a regime change, Russia will most likely remain a pariah state. On that basis, it's reasonable to expect

Fig. 2: Percentage of Global Supply Sourced from Russia



Source: USGS, BMO Capital Markets.

elevated energy prices to continue. Another area that has been impacted is food prices and associated input costs, like fertilisers. Ukraine and Russia are huge suppliers of grains, notably wheat, but also fertilisers (potash). Our discussions with people in those markets indicate this is a very significant disruption, particularly in fertilisers, which is not going to be easily resolved. There are obviously humanitarian consequences of higher food prices in very poor countries. In terms of market implications, energy and food are the biggest components of household budgets, particularly for low-income earners in the West. This has a real impact on not just the average consumer but also businesses selling to those consumers. There are lots of swings and roundabouts, you can't ever assume that just because you are selling to lower-income households that you lose out, you might be able to increase prices, consumers may still buy your product, but then save elsewhere. However, there are going to be implications and it creates a very complex environment for investors.

JM: Obviously, it's different this time, but how would you compare and contrast that setup to how you were seeing the markets in 1999 and 2000?

AC: There's much greater complexity in the economic environment this time. Like the current situation, certainly in 1999/2000 we had interest rates going up and there were extraordinary valuations in some sectors, while a part of the market that had been left behind looked very attractive. But let's remember that in 2000, it was all about Y2K, which caused people to misread the situation. There was considerable demand for IT, which turned out to be driven by this artificial deadline for everyone to revamp their systems. This time, to some extent, I think we have the same possibility, with huge demand for physical goods. We have the potential now that everyone is misreading demand for say, homewares or other goods that have been in great demand. In the IT area, the amount of money available for

start-ups is extraordinary. You can see on the front page of the financial papers every day about someone raising another US\$100 million on a billion-dollar valuation - and they've barely even got started and that US\$100 million goes into a lot of IT services. For some of those much-loved software companies, sales aren't actually on trend, they're way above trend. In our view, it's very likely that we're going to have ongoing disappointments over the next year or so, particularly in those companies that are trading at incredibly stretched valuations.

With interest rates likely to move higher, I think the long duration stocks, the quality compounders, are going to be, at best, very low-returning investments. We feel there's just far better value in a whole range of other stocks that we've already touched on - the industrials, materials and banks and so on.

MSCI Regional Index Net Returns to 31.3.2022 (USD)

REGION	QUARTER	1 YEAR
All Country World	-5.4%	7.3%
Developed Markets	-5.2%	10.1%
Emerging Markets	-7.0%	-11.4%
United States	-5.3%	13.6%
Europe	-9.6%	1.1%
Germany	-12.9%	-12.0%
France	-8.7%	4.5%
United Kingdom	1.8%	13.6%
Italy	-10.0%	-2.7%
Spain	-4.1%	-3.7%
Japan	-6.6%	-6.5%
Asia ex-Japan	-8.0%	-14.6%
China	-14.2%	-32.5%
Hong Kong	-1.8%	-12.0%
Korea	-9.6%	-18.5%
India	-1.9%	17.9%
Australia	7.3%	13.5%
Brazil	35.9%	24.7%

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 31.3.2022 (USD)

SECTOR	QUARTER	1 YEAR
Energy	21.2%	40.0%
Materials	2.8%	10.9%
Utilities	1.2%	10.7%
Financials	-0.4%	11.1%
Health Care	-3.8%	12.6%
Consumer Staples	-4.0%	7.5%
Real Estate	-5.5%	9.5%
Industrials	-6.0%	1.5%
Information Technology	-10.3%	12.3%
Communication Services	-10.6%	-7.4%
Consumer Discretionary	-11.3%	-5.5%

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.

The Journal

Visit www.platinum.com.au/our-products/PGF to find a repository of information about Platinum Global Fund (PGF), including:

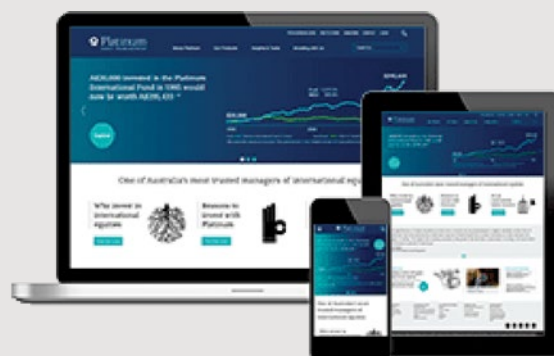
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Recent highlights include:

- **2022 Investor Presentation: Beware the Crowd – Why Having a Differentiated Approach is Critical to Investing.**¹ CEO and co-CIO Andrew Clifford and portfolio manager Nik Dvornak provide a market update and explain why a focus on capital preservation and a differentiated approach are important in volatile markets. Investment specialist Jan van der Schalk also outlines how we continue to approach ESG and how ESG and investment returns are long-term bedfellows.
- **Video – Ready for a Market Leadership Change.**² Every bubble has two main ingredients: a great idea and easy money. With inflation now at 30-year highs and rates rising, the bubble is unravelling and market leadership is changing. Co-CIO Clay Smolinski talks with investment specialist Dean McLelland on who will be next decade's winners.
- **Video – Entrepreneurial Spirit Thriving in Asia.**³ Drawing on his extensive experience in analysing and investing in evolving businesses in the tech sector, co-portfolio manager for our Asia ex-Japan strategy, Cameron Robertson is finding plenty of "not-so-familiar" investment opportunities, with Chinese online grocery retailer Dingdong, a great example.
- **Video – Update on the Platinum Health Care Fund.**⁴ After a stunning performance in 2020, the biotech sector suffered a disappointing setback in 2021. Portfolio manager Dr Bianca Ogden talks about the challenges the sector is facing and why she believes recent share price weakness is the buying "opportunity of the decade".
- **Article – The Beautiful Game.**⁵ Our co-founder, Kerr Neilson provides his thoughts on the current market dynamics. A thoughtful and insightful read, as always.
- **Video – Reform Creates Compelling Opportunities in Japan.**⁶ Increasing compliance with Japan's Corporate Governance Code is driving significant reform in corporate Japan. Simple changes in capital allocation policies can deliver outstanding results, as portfolio manager Jamie Halse explains.



¹ <https://www.platinum.com.au/Insights-Tools/The-Journal/2022-Investor-Presentation>

² <https://www.platinum.com.au/Insights-Tools/The-Journal/Video-Readying-for-a-Market-Leadership-Change>

³ <https://www.platinum.com.au/Insights-Tools/The-Journal/Video-Entrepreneurial-Spirit-Thriving-in-Asia>

⁴ <https://www.platinum.com.au/Insights-Tools/The-Journal/Video-Update-on-the-Platinum-Healthcare-Fund>

⁵ <https://www.platinum.com.au/Insights-Tools/The-Journal/The-Beautiful-Game>

⁶ <https://www.platinum.com.au/Insights-Tools/The-Journal/Video-Reform-Creates-Compelling-Opportunities>

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) 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. 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\$10,000 invested in the Fund over the specified period relative to specified MSCI index.
3. The geographic disposition of assets (i.e. other than "cash") 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. With effect from 31 May 2020, country classifications for securities were updated to reflect Bloomberg's "country of risk" designations and the changes were backdated to prior periods. "Cash" in this table includes cash at bank, cash payables and receivables and cash exposures through derivative transactions.
4. The table shows the Fund's exposures to the relevant sectors through its long securities positions and long 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".
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.

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