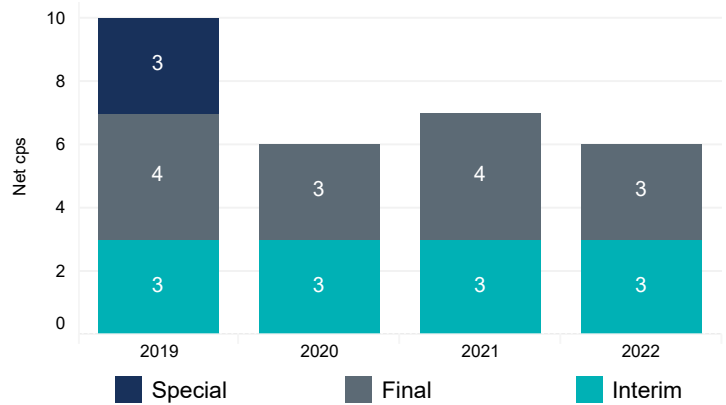


FACTS¹

Market capitalisation	\$374.32 mn
Listing date	29 June 1994
Current share price	\$1.270
Current dividend yield	4.72%
Pre-tax NTA	\$1.5171
Post-tax NTA	\$1.5049
Maximum franked dividend	10.27 cps
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\$)). Performance fees are calculated after recovery of any underperformance carried forward from prior periods.

HISTORY OF FULLY FRANKED DIVIDENDS (CPS)³



PERFORMANCE²

	1 month	3 months	6 months	CYTD	1 year	2 years p.a.	3 years p.a.	5 years p.a.	7 years p.a.	10 years p.a.	Since inception p.a.
Company % (Pre-tax NTA)	0.8	8.9	7.5	(0.6)	(0.6)	5.2	4.0	4.1	6.7	10.5	11.1
MSCI %	(5.1)	4.1	3.7	(12.5)	(12.5)	4.9	5.3	8.3	9.2	12.7	7.2

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. Past performance is not a reliable indicator of future returns.

INVESTED POSITIONS⁴

	LONG %	SHORT %	NET %	CCY %
Asia-Pacific	36.2	(3.9)	32.3	47.8
Australia	2.1	(1.9)	0.2	2.4
China	19.8		19.8	19.8
China Renminbi Offshore				(1.5)
Hong Kong	0.1		0.1	1.6
India	2.2		2.2	2.2
Japan	7.9	(1.9)	6.0	19.2
South Korea	3.9		3.9	3.9
Other Asia-Pacific	0.3	(0.1)	0.1	0.1
Europe	25.9	(0.1)	25.8	28.5
Austria	2.7		2.7	
Euro				19.2
Finland	3.0		3.0	
France	3.3		3.3	
Germany	3.9		3.9	
Italy	2.4		2.4	
Netherlands	2.4		2.4	
United Kingdom	6.1		6.1	8.2
Other Europe	2.3	(0.1)	2.2	1.1
North America	15.1	(12.4)	2.7	21.7
Canada	1.8		1.8	2.7
United States of America	13.3	(12.4)	0.9	19.0
Other	2.0		2.0	2.1
Sub-Total	79.3	(16.4)	62.8	100.0
Cash	20.7	16.4	37.2	
Total	100.0		100.0	100.0

Long - 121 stocks, 2 swaps, 1 option, 2 other Short - 32 swaps, 2 indices

TOP TEN POSITIONS⁵

STOCK	COUNTRY	INDUSTRY	%
ZTO Express Cayman Inc	China	Industrials	3.9
UPM-Kymmene OYJ	Finland	Materials	3.0
Ping An Insurance Group	China	Financials	2.9
Microchip Technology Inc	United States	Info Technology	2.7
Minebea Co Ltd	Japan	Industrials	2.4
Tencent Holdings Ltd	China	Comm Services	2.4
Intesa Sanpaolo SpA	Italy	Financials	2.3
Trip.com Group Ltd	China	Cons Discretionary	2.2
InterGlobe Aviation Ltd	India	Industrials	2.2
Beazley PLC	UK	Financials	2.2
Total			26.2

INDUSTRY BREAKDOWN⁴

SECTOR	LONG %	SHORT %	NET %
Industrials	17.2	(1.5)	15.7
Financials	15.2	(1.3)	13.9
Materials	9.4		9.4
Consumer Discretionary	11.6	(3.5)	8.0
Energy	6.4		6.4
Information Technology	9.1	(5.3)	3.9
Health Care	3.6		3.6
Communication Services	3.7	(0.4)	3.3
Real Estate	2.6		2.6
Consumer Staples	0.5	(0.4)	
Other		(4.0)	(4.0)
Sub-Total	79.3	(16.4)	62.8
Cash	20.7	16.4	37.2
Total	100.0		100.0

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1. Source: Platinum. The pre-tax NTA was calculated in accordance with Australian Accounting Standards, based on the fair value of all investments. The post-tax NTA is the pre-tax NTA after provision for tax on both realised and unrealised income and gains. The NTA is unaudited.

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 31/12/96). 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. Shows dividends paid during the calendar year. This information is historical. No guarantee is given about future dividends or the level of franking of such dividends (if any).

4. 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 total of the "Long %" and "Short %", each as a percentage of PMC's portfolio value. The "CCY %" 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".

4. and 5. Country classifications for securities reflect Bloomberg's "country of risk" designations, and currency classifications for securities reflect the relevant local currencies of the country classifications.

5. 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

- The portfolio continued to add to its solid November performance, rising 1% in December.
- Shorts continued to provide considerable cushioning in weak markets*.
- Looking forward, there are exciting opportunities on the long side, but we remain wary of further market weakness.

Market Commentary

The portfolio continued to add to its solid November performance in December. The portfolio's annual return of -1% was a significant outperformance of the benchmark for the year, as we were able to utilise our risk mitigation tools to protect capital as markets fell. Investors can easily forget how important preserving capital is during a bull market. Our positioning paid dividends in 2022, as the easy-money bull market continued to deflate.

December saw the US Federal Reserve (Fed), the European Central Bank (ECB) and the Bank of England (BoE) all hike rates by 50 basis points - marking a slowing in the pace of tightening. We continue to think rate cuts are a long way off, considering that inflation remains stubbornly high. Chinese markets bounced on continued stimulus announcements and an easing in COVID restrictions in response to the civil unrest in November. We continue to believe that China is a much under-owned and unloved stock market, and we remain confident in the Chinese businesses we hold. China remains in a different part of its economic cycle from economies in the West, and the government is taking clear steps to stimulate the economy, particularly the property sector.

The US S&P 500 index finished the year down 19%. Although the November consumer price index was lower in the month, we saw further evidence of a more sombre outlook for the economy: major bank CEO outlook commentaries were weak, some speculative business models are being priced for bankruptcy, and at least one major private asset manager has imposed limits on investor redemptions. These actions may signal that the market is now pricing in a more realistic outlook for the economy and asset prices.

History now shows we had an extraordinary speculative bull market in the US that was driven by a massive amount of monetary and fiscal stimulus. We expect a long and volatile bear market to continue in 2023 with similar losses to other major cycles. We see a very difficult period ahead for corporate profits and earnings. With funding markets tighter, many business models that are reliant on easy money are now compromised, and there are several opportunities to continue to short.

Our net exposure is broadly unchanged from last month at 63%. We continue to buy stocks that we think offer good value, but also hold more cash than we have historically, as we are cognisant of likely opportunities ahead. We remain excited by opportunities across decarbonisation, semiconductors, travel, Chinese consumers, financials, and growth industrials. Our short book remains dynamic and aims to protect capital. The composition of the short portfolio has changed over the past quarter, with less emphasis on highly valued growth names and more on COVID beneficiaries (e.g. retailers, e-commerce) that we expect will have weak earnings outcomes in the year ahead, as well as some of the more dubious and overvalued "energy transition" related companies.

Performance Analysis**

The portfolio has benefited from its broad tool kit during this year's market sell-off, with shorts contributing 11% to returns for the year, providing considerable cushioning. These were skewed towards expensive growth stocks, 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 -12% calendar year 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 year included Beazley (specialist insurer), Trip.com (Chinese online travel agent), Glencore (mining, commodities trading), Mosaic (fertiliser), China Overseas Land & Investment (residential property developer), and Shell (energy).

Valuation

The portfolio's aggregate valuation metrics are attractive in both an absolute sense and relative to the market, with a 44% higher starting earnings yield and a 43% discount on an asset basis (see table below).

Metric	Platinum Capital Limited	MSCI AC World Net Index (A\$)
NTM Earnings Yield	9.8% (Price-to-Earnings ratio of 10.2x)	6.8% (Price-to-Earnings ratio of 14.6x)
NTM Dividend Yield	3.4%	2.8%
NTM Enterprise Value-to-Sales	1.3x	1.6x
LTM Price-to-Book Ratio	1.3x	2.3x

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 December 2022. NTM = next twelve months. LTM = last 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.