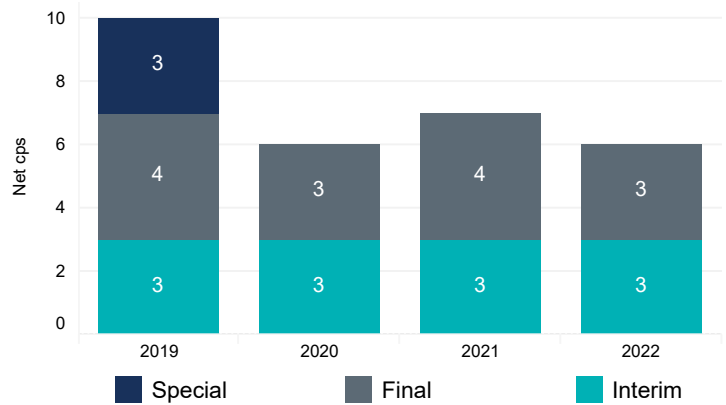


FACTS¹

Market capitalisation	\$399.37 mn
Listing date	29 June 1994
Current share price	\$1.355
Current dividend yield	4.43%
Pre-tax NTA	\$1.5611
Post-tax NTA	\$1.5370
Maximum franked dividend	11.04 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)	3.0	11.1	11.7	3.0	(0.6)	6.6	5.7	4.1	7.7	10.3	11.2
MSCI %	3.1	0.7	1.5	3.1	(8.0)	6.5	5.0	8.5	10.2	12.6	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	38.5	(4.1)	34.4	49.5
Australia	1.9	(2.0)	(0.1)	2.0
China	21.8		21.8	21.8
Hong Kong	0.1		0.1	1.6
India	2.2		2.2	2.2
Japan	8.1	(2.0)	6.1	18.5
South Korea	4.2		4.2	4.2
Other Asia-Pacific	0.3	(0.2)	0.1	(0.9)
Europe	27.3	(0.1)	27.2	29.6
Austria	2.8		2.8	
Euro				19.6
Finland	2.7		2.7	
France	3.3		3.3	
Germany	4.3		4.3	
Italy	2.6		2.6	
Netherlands	2.4		2.4	
Switzerland	1.1		1.1	1.2
United Kingdom	6.6		6.6	8.6
Other Europe	1.5	(0.1)	1.4	0.2
North America	16.4	(9.3)	7.1	18.9
Canada	1.9		1.9	2.7
United States of America	14.6	(9.3)	5.2	16.2
Other	1.9		1.9	2.0
Sub-Total	84.2	(13.5)	70.7	100.0
Cash	15.8	13.5	29.3	
Total	100.0		100.0	100.0

Long - 126 stocks, 2 swaps, 1 option, 2 other Short - 32 swaps, 1 index

TOP TEN POSITIONS⁵

STOCK	COUNTRY	INDUSTRY	%
ZTO Express Cayman Inc	China	Industrials	3.9
Ping An Insurance Group	China	Financials	3.0
Minebea Co Ltd	Japan	Industrials	2.9
Microchip Technology Inc	United States	Info Technology	2.8
UPM-Kymmene OYJ	Finland	Materials	2.7
Tencent Holdings Ltd	China	Comm Services	2.6
Intesa Sanpaolo SpA	Italy	Financials	2.5
InterGlobe Aviation Ltd	India	Industrials	2.2
LG Chem Ltd	South Korea	Materials	2.1
Shell PLC	Netherlands	Energy	2.1
Total			26.8

INDUSTRY BREAKDOWN⁴

SECTOR	LONG %	SHORT %	NET %
Industrials	18.3	(2.2)	16.1
Financials	16.8	(1.2)	15.5
Consumer Discretionary	12.6	(3.1)	9.5
Materials	8.7		8.7
Information Technology	10.7	(3.6)	7.1
Energy	6.4		6.4
Health Care	4.0		4.0
Communication Services	3.8	(0.5)	3.3
Real Estate	2.5	(0.1)	2.4
Consumer Staples	0.5	(0.4)	0.1
Other		(2.4)	(2.4)
Sub-Total	84.2	(13.5)	70.7
Cash	15.8	13.5	29.3
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 rose 3.0% for the month – in line with broader market* moves.
- The net invested position is near historical averages with the closure of some short positions and cash deployed.
- Looking forward, there are exciting opportunities on the long side, but we remain wary of further market weakness.

Market Commentary

Markets roared back to life in January. Easing US inflation concerns saw participants shift their view from a near-certain recession to a chance that the Federal Reserve (Fed) may engineer a soft landing for the US economy. Some of the more speculative areas certainly saw a reprieve in January – Bitcoin rallied 39% to thaw out the crypto ‘winter’ and unprofitable technology stocks rallied 22% (source: FactSet).

Sentiment has bounced significantly off the December quarter lows, with investors now believing that China’s reopening will help offset a weaker US economy. At the start of the month, Fed officials suggested that maybe it was time to slow the rate of rate hikes. The consumer price index number was in line with expectations, and the market started to believe that peak inflation was behind us. Yields on 10-year US Treasuries fell over the month, along with mortgage rates, with the market now pricing in 200 basis points of rate cuts through to December 2024 (source: FactSet). The cocktail of a more dovish Fed, China’s reopening, and investors lightly positioned for upside saw the market bounce. We continue to think rate cuts are a long way off, considering that inflation remains high.

Large-cap technology companies announced more layoffs throughout the month. Sundar Pichai, Alphabet’s CEO, announced the company would be laying off 12,000 employees, noting in a memo that the company “hired for a different economic reality than the one we face today”. We continue to see a difficult period ahead, particularly for US corporate profits and earnings, with companies needing to ‘right-size’ their businesses. We are continuing to deploy capital in opportunities where there are pockets of attractive valuations.

It has been interesting to see just how quickly market sentiment has turned on Chinese equities. At the beginning of the December quarter, China’s geopolitical, COVID, and property concerns were all flashing peak fear in October. The Hang Seng Index is now up nearly 50% from its October lows thanks to further property stimulus and COVID relaxations (source: FactSet). We continue to believe that China is a much-unloved stock market – even post the recent bounce - and we remain confident in the Chinese businesses we hold. China is 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.

Our net exposure increased last month from 63% to 71%. We closed roughly 3% of our shorts and deployed 5% of cash. We continue to buy stocks that we think offer good value and 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, 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. We expect much more divergent markets over the course of 2023, which we think is a great environment for active ‘true’ investors.

Performance Analysis**

Over the past three months, the long positions contributed 12% to the portfolio’s return (versus an underlying market return of 1%). The portfolio’s return was driven heavily by our Chinese positions and helped by our European financials. Chinese holdings contributed 7% over the past three months, with ZTO Express, Tencent, Ping An Insurance, Trip.com and Weichai Power being the major contributors.

Valuation

The portfolio’s aggregate valuation metrics are attractive in both an absolute sense and relative to the market, with a 28% higher starting earnings yield and a 35% discount on an asset basis (see table below).

Metric	Platinum Capital Limited	MSCI AC World Net Index (A\$)
NTM Earnings Yield	8.7% (Price-to-Earnings ratio of 11.5x)	6.8% (Price-to-Earnings ratio of 14.6x)
NTM Dividend Yield	3.2%	2.8%
NTM Enterprise Value-to-Sales	1.2x	1.5x
LTM Price-to-Book Ratio	1.5x	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 January 2023. 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.