Platinum Capital® Limited

ABN 51 063 975 431

Quarterly Investment Manager's Report

31 December 2022

Platinum
CAPITAL LIMITED

Investment Update

by Andrew Clifford, Clay Smolinski and Nik Dvornak, Portfolio Managers

Performance

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

	QUARTER	1 YR	3 YRS	5 YRS	SINCE INCEPTION
Platinum Capital Limited	8.9%	-0.6%	4.0%	4.1%	11.1%
MSCI AC World Index^	4.1%	-12.5%	5.3%	8.3%	7.2%

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.

* Excluding quarterly returns.

^ 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 Research Systems for MSCI Index returns. See note 1, page 11.

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 September 2022	$1.4194	$1.4155
31 October 2022	$1.4338	$1.4260
30 November 2022	$1.5304	$1.4966
31 December 2022	$1.5171	$1.5049

Source: Platinum Investment Management Limited.

In Brief:

- Our European holdings dominated performance, with financial stocks Intesa Sanpaolo, Beazley, Erste and Raiffeisen Bank amongst the best performers.
- Our Chinese holdings, notably Trip.com, Weichai Power, Ping An Insurance and Tencent also provided strong performance.
- PMC's net invested position increased from 56% to 63% over the quarter, predominantly reflecting a reduction in short positions from 23% to 16%.
- At a high level, the outlook for the broad market is muted, especially in the US, where there is a relatively higher weighting of growth stocks in the indices, while at a sector or stock-specific level, there remains the possibility of strong returns.
- The global energy transition is a significant theme for the portfolio. We also continue to see opportunities in companies that are yet to fully recover from the pandemic (i.e. travel) and businesses that were harmed by low interest rates (i.e. European banks).
- China, which has experienced a completely different economic and interest rate environment from the other major economies, resulting in a prolonged bear market, is positioned for a strong rebound.

PMC returned 8.9% over the quarter.[1]

The US equity market underperformed the rest of the world during the quarter, as markets started factoring in the impact of tighter fiscal and monetary policies on future company earnings. By region, in local currency terms, Europe led the way, returning 10.6%, followed by Asia ex-Japan (+8.2%) and North America (+6.9%).[2]

In line with these outcomes, our European holdings dominated the largest contributors to performance, with financial stocks **Intesa Sanpaolo** (+22%), **Beazley** (+21%), **Erste** (+32%) and **Raiffeisen Bank International** (+26%) amongst the best performers.

In China, online travel agent **Trip.com** (+26%) was a strong performer on the back of China's pivot away from its zero-COVID policy. Heavy-duty truck engine manufacturer **Weichai Power** (+41%), insurer **Ping An Insurance** (+32%) and **Tencent** (+25%) also provided strong performance. Short positions contributed 0.9% to returns.

The largest detractor from performance was bitcoin miner **Iris Energy** (-71%), a small holding in PMC, which fell in line with overall weakness in the bitcoin price. Other detractors at an individual stock level included **Allfunds Group** (-14%), which was impacted by volatile markets and the sell-down of significant stakes by two large shareholders, and precision components manufacturer **MinebeaMitsumi** (-8%), which weakened in reaction to a stronger Japanese yen.

Over the year, PMC returned -0.6%, a significant 11.9% outperformance of the market, as we were able to utilise our risk mitigation tools to protect capital as markets fell. It is our view that to produce good absolute returns from investing in equities, it is critical to minimise the impact of large bear markets that come along periodically. Our positioning paid dividends in 2022, as the easy-money bull market continued to deflate. Short positions contributed 11% to PMC's returns over the year.

Changes to the Portfolio

The net invested position increased from 56% to 63% over the course of the quarter. This was predominantly the result of closures of short positions, which were reduced from 23% to 16%. The composition of the short portfolio changed, with less emphasis on highly valued growth names and a

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

2 MSCI AC Europe, MSCI Asia ex-Japan, MSCI North America, respectively, in local currency. Source: MSCI.

Disposition of Assets

REGION	31 DEC 2022	30 SEP 2022
Asia	26%	25%
Europe	26%	24%
North America	15%	16%
Japan	8%	8%
Australia	2%	3%
Other	2%	2%
Cash	21%	21%
Shorts	-16%	-23%

Numerical figures have been subject to rounding. See note 2, page 11.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	31 DEC 2022	30 SEP 2022
Industrials	16%	16%
Financials	14%	13%
Materials	9%	11%
Consumer Discretionary	8%	7%
Energy	6%	5%
Information Technology	4%	4%
Health Care	4%	3%
Communication Services	3%	3%
Real Estate	3%	3%
Consumer Staples	0%	0%
Other	-4%	-9%
TOTAL NET EXPOSURE	63%	56%

Numerical figures have been subject to rounding. See note 3, page 11.
Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
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	US	Info Technology	2.7%
MinebeaMitsumi 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	Consumer Disc	2.2%
InterGlobe Aviation Ltd	India	Industrials	2.2%
Beazley PLC	UK	Financials	2.2%

As at 31 December 2022. See note 4, page 11.
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.

move toward 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.

There were no major new long positions for the portfolio. We took advantage of share price weakness in existing positions to add to our holdings in **Allfunds**, **Micron Technology** and **ZTO Express**. We also trimmed a number of positions in strong performers such as **Trip.com** and **Microchip Technology**.

Commentary

In many respects, the economic environment is becoming clearer as we enter 2023, though not in all cases is it necessarily for the better.

The US economy is clearly slowing in response to falling government spending and rising interest rates. This is now becoming apparent in employment markets, which until recently, had remained resilient, as surveys show businesses are finding it easier to hire, and the number of layoff announcements has increased sharply (see Fig. 1)

However, there are large differentials in growth outlooks across sectors. We have noted previously that many sectors that benefited from COVID (e.g. e-commerce, video streaming, jewellery) would face significant headwinds as "lockdown-inspired" demand fell away. Interest rate-sensitive sectors are also among the weakest, with the housing sector experiencing a collapse in demand. Bright spots include areas still recovering from COVID (e.g. travel, autos), beneficiaries of the trend to return manufacturing to the US and diversify supply chains (e.g. capital equipment, automation), and spending on decarbonisation and energy transition projects. Overall, softer economic activity and receding inflationary pressures are the likely outcomes, and with that, *a peak in short-term interest rates in the year ahead.*

Meanwhile, the **Chinese economy is poised to recover strongly**. During the quarter, the government announced various measures to provide funding to residential property developers. This will allow cash-strapped developers to complete projects that have stalled due to a lack of financing. Residential construction activity is an important sector for the wider economy, and as work recommences on projects across the country, the impact on overall economic growth should be significant. Further, the government has pivoted away from its stringent zero-COVID policy measures that have suppressed economic activity. As witnessed elsewhere over the last three years, the path to reopening is not easy, with a huge increase in infections, an overwhelmed health system, and sadly, a rising death toll. Nevertheless, as we have experienced elsewhere, we expect the country will move beyond this period as herd immunity builds, and the increase in mobility as lockdowns end will add further to economic activity. For more detail on these developments in China, please refer to the December 2022 quarterly report for Platinum Asia Investments Limited, and for a more detailed examination of the property sector, see our article, "*The Chinese Property Market: The Most Important Industry Globally Which Few Understand*" on The Journal on our website.[3]

3 https://www.platinum.com.au/Insights-Tools/The-Journal/Chinese-Property-Market-Anti-Bubble

Fig. 1: US Employee Layoff Announcements Have Increased Sharply

Seasonally adjusted 13-week average

Source: Evercore ISI. As at 30 December 2022.

Of the major economies, the **outlook for Europe remains the most uncertain**. The spike in energy prices that resulted from Russia's invasion of Ukraine has resulted in an outright loss of competitiveness for European industries. Along with that, both consumer confidence and business confidence have plunged, with the former now at levels below those seen in the global financial crisis (GFC). Energy-intensive industries, such as petrochemicals and fertilisers, have seen significant capacity closures.

Overall consumption of gas across Europe has fallen by the order of 20%.[4] While it would appear, at the moment, that Europe has enough gas in storage to avoid severe shortages this winter, the longer-term picture remains highly uncertain. However, there are some positives to offset this difficult environment. Firstly, the depreciation of the euro will offset some or all of the loss of competitiveness due to higher energy prices, depending on the energy intensity of a given business. Further, the likely recovery of China, an important trading partner for Europe, will be helpful.

Outlook

In summary, the world is looking like the mirror image of recent years, with a slowing US economy, a recovering Chinese economy, and a European economy somewhere in between. **The question is, what does all this mean for the outlook for equity markets?** In recent years, the huge divergence in valuations and share price performance across different sectors and geographies has made this general question difficult to answer. Today, some sectors and countries have experienced multi-year bear markets, where valuations are highly attractive and we are optimistic about future returns. On the other hand, many of the favoured growth names that led the bull market remain unappealing, in some cases due to questionable business models, and in other cases due to valuations that remain high despite deteriorating earnings growth. Also, defensive names remain highly valued as investors continue to seek out hiding places. The mix of these opportunity sets suggests that at a high level, the outlook for the broad market is muted, especially in the US, where there is a relatively higher weighting of growth stocks in the indices, while at a sector or stock-specific level, there remains the possibility of strong returns.

The one overriding risk for all markets is the monetary environment, not just interest rates, which we expect to peak sometime this year, but the lack of growth in the money supply in the major economies, except for China. This can change quickly if demand for credit from the private sector picks up strongly, though that seems an unlikely prospect at the moment. Many market participants are waiting for a sign that interest rates have peaked before diving back into the markets. We would be cautious on this front, as markets will still need to contend with poor earnings outcomes for some time after interest rates start to fall. With such a restrictive monetary environment, there is also the potential for a financial accident that broadly impacts markets. The collapse of the cryptocurrency markets does not appear to have had wider implications. We have long considered that such an accident is most likely to occur in unlisted assets (real estate, infrastructure, private equity) where there is little transparency, and we note with concern that some high-profile unlisted commercial real estate trusts in the US are reaching their monthly redemption limits.

Focusing on the opportunity side of the equation, there are some very prospective areas. One of the investment themes that will likely dominate the decade ahead is the **global energy transition as the world moves to reduce CO2 emissions**. This is a significant theme for the portfolio, though we have broadly eschewed the obvious investment plays, such as solar panel makers, wind farms and electric vehicle (EV) producers. Instead, we see the current opportunity in companies that enable the transition through critical components and technologies. Examples include Infineon Technologies, a producer of the power semiconductors required to produce EVs, charging stations, and renewable energy technologies. UPM-Kymmene, a pulp producer that has developed technology to produce bioplastics and biodiesel from the waste materials from their current manufacturing lines, is another example. In mid-February, we plan to launch our new Platinum Global Transition Fund (Quoted Managed Hedge Fund) (subject to regulatory approvals), which will also provide access to this exciting and growing opportunity.

We continue to see **opportunities in companies that are yet to fully recover from the pandemic**, such as online travel agent Booking Holdings or low-cost airlines Ryanair in Europe and InterGlobe Aviation in India. **Businesses that were harmed by low interest rates**, such as European banks (Intesa Sanpaolo, Erste Group Bank, Raiffeisen Bank International), remain at interesting valuations. Meanwhile, **China, which has experienced a completely different economic and interest rate environment from the other major economies**, resulting in a prolonged bear market, is positioned for a strong rebound.

4 https://ec.europa.eu/eurostat/web/products-eurostat-news/w/ddn-20221220-3

Macro Overview: 2023 - A Great Environment for 'True' Investors

by Andrew Clifford, Co-Chief Investment Officer

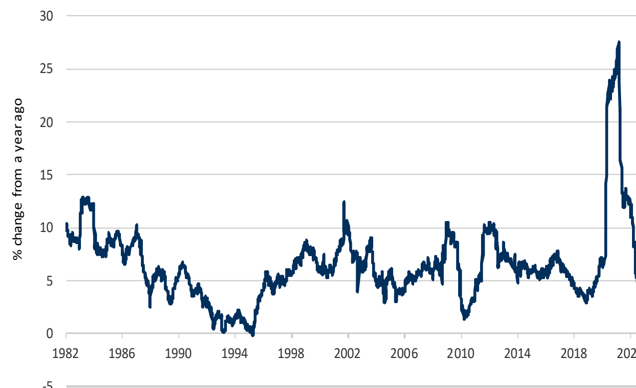
2022 was a dramatic year for markets. CEO and Co-CIO Andrew Clifford sat down with Investment Analyst Julian McCormack in December to share his thoughts on events, covering interest rates, recession fears, China and Europe - and what they all mean for the markets in 2023 and Platinum's portfolios. An edited transcript of the conversation is below.*

JM: Andrew, markets seem to be pricing in a mild recession. What is your broad overview of interest rates, inflation, recession fears, etc.?

AC: I think we need to get ahead of the game here. It is relatively clear that inflation has probably peaked. You can spend all your life trying to work out how quickly it recedes and when rate cuts will come. Ahead of that, though, I think monetary conditions are a much better indicator to focus on, specifically, in its most simple form, the growth rate of M2, a broad measure of the money supply. In 2022, in the US, the epicentre of the great money printing exercise we've just lived through, M2 is shrinking, and importantly, it's occurring in a nominal economy that is actually growing at a reasonable pace at this point. Essentially, that means monetary conditions are very tight, and you have to get well beyond the rate cuts before that's going to turn around. So, that tells you that inflation is probably going to come down over the next year or so. But for us as investors, that's not the interesting point; it's what it means for markets and asset prices. As I've said on many occasions in our reports and presentations, I think the shrinking of the money supply is a very significant headwind for markets, pushing them to the downside.

Fig. 1: US Money Supply M2 is Shrinking

% change on a year ago, weekly



Source: Federal Reserve Bank of St. Louis, 5 December 2022. M2 includes M1 (cash and cash-like, or currency and coins held by the non-bank public, checkable deposits, and travellers' checks [sic]) + savings deposits (including money market deposit accounts), small-time deposits under $100,000, and shares in retail money market mutual funds.

* The full interview is available in audio format on The Journal page of our website https://www.platinum.com.au/Insights-Tools/The-Journal. Interview was recorded on 20 December 2022.

JM: It's been an interesting reversal of either complacency or comfort in recent weeks. Everyone was expecting some sort of rally, which came and then just wilted away towards the end of the month, at the time of recording (20 December).

AC: Everyone has been expecting inflation to ease off. It looks like that's happening, and everyone appears to be positioned for that. However, the US Federal Reserve (Fed) is telling us it's going to be a while before rates peak, and we start to get those rate cuts. Again, we can spend all our lives trying to predict what will happen, but I think the more important thing is the impact that this will have on company earnings. That's the next focus, and there's a mixed bag there. We're seeing plenty of companies release disappointing numbers, and there have been decent falls in stock prices on the back of that. But at the same time, if you look at the absolute numbers for many companies, they're not all bad, but our job as investors is to think about how things will look 3-5 years ahead. Indeed, combined with coming out of COVID, the COVID beneficiaries, and those who were hurt by COVID, there are some mixed messages. Some companies are going to experience poor earnings just because they've been through an extraordinary boom and their business is coming back to trend, or will probably go below trend, while others that suffered from supply chain problems may yet have many good years ahead of them.

JM: There have been lots of idiosyncratic events, not least the implosion of speculative parts of the equity market, crypto exchanges, ructions in the UK gilt market, and suspensions in redemptions in captive real estate investment trusts. Do you have any comments about these?

AC: We would expect that after the boom we've been through and the speculative mania that we experienced, there will be some sort of crisis point coming out of this. The blow-up of the crypto market and the exchanges has no doubt caused a lot of pain for people, but it doesn't seem to have had any real flow-on effect on broader markets or the economy for the moment. Similarly, the deflating stock prices of the more speculative stock names have not had any particularly bad impact on the broader economy or market. The UK gilts and the issues that the pension funds had there were the beginning of a concerning event. The fiscally lax mini-budget announced by the UK government in late September, sent bond yields skyrocketing, and forced pension funds, which had taken leveraged positions in gilts and other fixed-interest products, to liquidate their positions. The Bank of England's intervention in the bond market seemed to have averted a great crisis there. But then, recently, we've had a couple of large, high-profile real estate investment trusts suspend redemptions. It's interesting, of course, as I've said over the last 2-3 years, I do suspect the problems are hidden in the unlisted part of the markets. The promoters of those trusts will tell you that it's all part of normal operations; if redemptions are greater than a certain percentage, they will suspend redemptions. But still, these things tend to become self-perpetuating, where everyone starts lining up for their redemption every month, and on top of that, it's in this unlisted part of the market, where there is an awful lot of debt. It's those sorts of things that could have a bigger or broader impact going forward. And I think there are plenty of places in the unlisted world where that may occur.

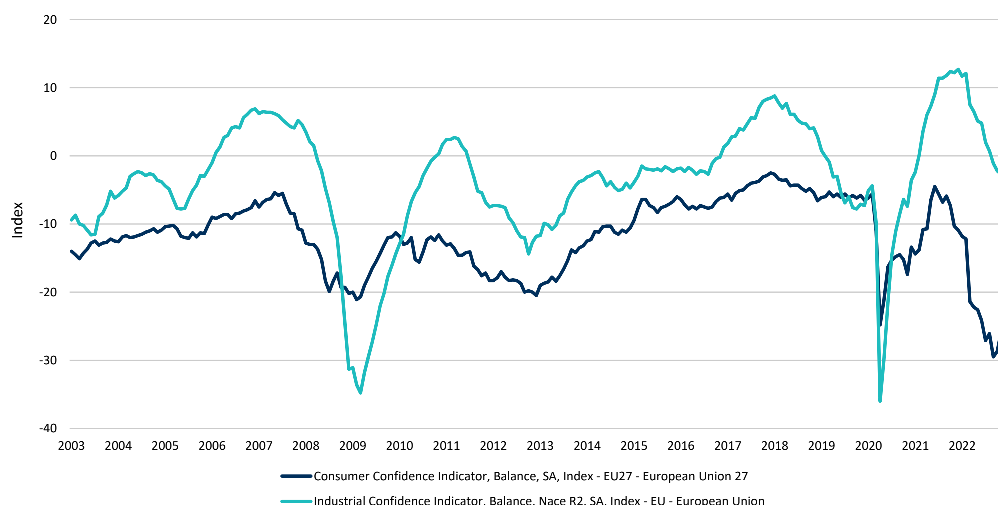
JM: As that liquidity has been drained, we are seeing the US dollar, which has strengthened all year, weaken in recent weeks and months. What are your thoughts on the US dollar?

AC: I think it was a case of US dollar strength rather than yen or euro weakness, or any of the other currencies. We saw the yen briefly touch 150 in October, this is an extraordinarily low level for that currency. The euro was also hit hard, although it's a more difficult story because of the energy security issue and changing competitiveness. Across the board, other currencies are looking extraordinarily cheap. The US has been increasing rates faster than anywhere else. Rate differentials are often a driver of currency markets, but I do think we are probably approaching the peak in the momentum of that rate differential opening up. The US dollar has already reversed a fairly decent amount of the rally that it had. You can never get the timing of these things right, but over the next 18 months to three years, I expect the US dollar will weaken.

JM: You mentioned the euro, it's a difficult place to think about given it was all cataclysmic six months ago and has dropped off the headlines now. So, how are you thinking about Europe and its mixed bag of potential outcomes?

AC: At the centre of the problem for Europe is obviously energy. Very little investment in new capacity, whether that's oil, gas or thermal coal, has taken place in recent years. In addition, the energy transition is beginning and people are reluctant to invest in these areas. In the meantime, though, we are still going to need to consume these fossil fuels, so there is this awkward period over the next few years where the supply of energy is likely to be tight. Then, of course, on top of that, and in particular for Europe, we have Russia's invasion of Ukraine, which impacts basically all of those key energy markets. The really important market for Europe is gas, particularly its transportation, which is reliant on Russian pipelines. This fundamentally impacts the competitiveness of Europe, and we've seen industries close down in chemicals, fertilisers, and so on; areas that are heavy users of energy have had to close capacity because they're not competitive. That's a fundamental change, and

Fig. 2: Consumer and Business Confidence is Incredibly Weak in Europe



Source: FactSet Research Systems.

we've seen natural gas consumption down 20% in the period August-November versus the same three-month period in 2017-2021, across most of Europe as a result of that.[1] In the very short term, as Europe has scrambled to sort out its energy supplies, it looks like they will get through the winter in fairly good shape without any severe squeeze on supply, with storage levels still good. However, the longer-term issue will be, as the years go by, how quickly they're able to replace that Russian gas. This is the core problem for Europe. Consumer and business confidence is incredibly low (see Fig. 2), with the former even below levels reached during the global financial crisis (GFC), so it's a very difficult environment there.[2] There are a couple of positives, though. The fall in the euro takes away some of that pain. The weaker euro will help industries where energy may not be as important and where Europe is still a big exporter. The other factor that will help on that front is we are at the foothills of the recovery of the Chinese economy. China is an important trading partner for Europe (China was the European Union's third-largest export market in 2021 in US dollars, representing 11% of its exports),[3] so it's another positive that may help to offset the energy supply conundrum.

JM: You've been building pretty reasonable positions in some energy companies, what are your thoughts on the outlook for energy for 2023 and beyond?

AC: I think there is a really good long-term story for most of the energy markets. However, I think one needs to be a little cautious about getting too enthusiastic at this point; the medium-term story is great, but the short-term one is unknowable. I mean, some things could happen; I'm not predicting them, but if, for example, we were to see the end of the conflict in Ukraine, that could ease market tightness somewhat. The other issue to think about, and we're seeing it in a whole range of industries, is government interference in markets. We have seen price caps on gas in Australia. We've also seen taxes proposed in places like the UK. So, when you're looking at energy supplies, there's a real possibility you're not going to get the entire upside of any shortages that develop, whether it's prices being capped or profits being taxed. While we certainly have some energy positions in our global equity portfolio, they're relatively modest compared to the story that's out there.

JM: Moving on to China, six months ago, it was at the centre of yet another crisis, which all seemed to have abated by the end of the year. Where are we in terms of the Chinese economy, especially in light of its reopening post-COVID?

AC: Let's take a step back for a moment and think about the last 20-odd years of the commentary around China. There's always been this element that this thing is not real, it's a house of cards, it's a Ponzi scheme, and it's all going to fall apart any moment now. Whenever there is a crisis or an issue in the economy, that's the lens through which many people see it. The problem with that kind of analysis is that it can lead one astray. Just look at the most recent example, President Xi Jinping was heavily criticised in the Western media for the COVID lockdowns. Now that they've been relaxed, he's being heavily criticised for having taken a gamble on the lives of his people. On COVID, we've said all along that China will get through it, as every other country has, and with the tragedy that it involves. But the issue coming back to China more broadly is that the framework I

1 https://ec.europa.eu/eurostat/web/products-eurostat-news/w/ddn-20221220-3

2 Source: FactSet Research Systems.

3 https://tradingeconomics.com/european-union/exports-by-country

would use is that this is a very large, dynamic and sophisticated market economy. People worry about the politics there, and there are plenty of reasons to worry about that, but at the end of the day, the political leadership doesn't run the place; the bureaucrats do, as they do in Australia or the US, and this is a very sophisticated bureaucracy. Poor policy decisions led to the situation they have with COVID today, and the same can be said of the property market, which led to a freezing up of the residential property development sector. Where are they now? Well, they will work their way through COVID, and they have come up with an obvious solution to the property market problem, which is to provide liquidity to ensure property developments are completed and apartments are delivered to the buyers. I suspect that once they work their way through that, the next thing they're going to find out is that because of two years of suppressed property sales, they will quite possibly have a shortage of residential apartments by the end of 2023 or going into 2024.

JM: Any final comments on your outlook for 2023?

AC: In summary, I expect 2023 will be the flip side of what we've had for the last couple of years. I think we will have a Chinese economy that will strongly recover, a US economy that's fading, and a European economy that will be difficult to call. We're going to continue to have these uncertainties around, but as has been the case in the last year or two, there will continue to be opportunities in markets to make money. There are plenty of sectors that have sold off very heavily and are trading at valuation levels that we rarely see. Countries like China are still trading at very attractive valuations, despite the recent market bounce. While I think the overall environment doesn't look great for markets, our focus remains on looking for individual opportunities. The more uncertainty there is, and when that uncertainty changes from one quarter to the next, the more opportunities there are to make money from markets. So, I think it's actually a great environment for 'true' investors.

MSCI Regional Index
Net Returns to 31.12.2022 (USD)

REGION	QUARTER	1 YEAR
All Country World	**9.8%**	**-18.4%**
Developed Markets	**9.8%**	**-18.1%**
Emerging Markets	**9.7%**	**-20.1%**
United States	**7.0%**	**-19.8%**
Europe	**19.6%**	**-17.0%**
Germany	24.6%	-22.3%
France	22.2%	-13.3%
United Kingdom	17.0%	-4.8%
Italy	26.4%	-14.4%
Spain	22.9%	-7.3%
Japan	**13.2%**	**-16.6%**
Asia ex-Japan	**11.4%**	**-19.7%**
China	13.5%	-21.9%
Hong Kong	18.2%	-4.7%
Korea	18.1%	-29.4%
India	2.0%	-8.0%
Australia	15.7%	-5.3%
Brazil	2.4%	14.2%

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 31.12.2022 (USD)

SECTOR	QUARTER	1 YEAR
Energy	17.8%	33.1%
Industrials	17.5%	-13.1%
Materials	16.2%	-11.6%
Financials	14.3%	-9.8%
Health Care	13.1%	-6.1%
Consumer Staples	11.2%	-6.6%
Utilities	10.3%	-4.7%
Real Estate	5.9%	-24.6%
Information Technology	5.8%	-31.1%
Communication Services	2.4%	-35.5%
Consumer Discretionary	-0.7%	-31.8%

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/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** format.

Recent highlights include:

- **Article - The Chinese Property Market: The Most Important Industry Globally Which Few Understand.**[1] Investment Analyst Julian McCormack presents a compelling argument why the Chinese property sector provides an apt case study of the reverse of an asset price bubble. Indeed, it looks to us like a good example of an "anti-bubble".
- **Video - Investing in a Bear Market.**[2] CEO and Co-CIO Andrew Clifford provides a timely reminder of Platinum's investment approach as well as his thoughts on markets, performance and portfolio positioning. Many sectors that were left behind in the bull market have extraordinary valuations, and there are many interesting investment thematics playing out.
- **Video - Staying the Course in China.**[3] Co-portfolio manager for our Asia ex-Japan strategy, Cameron Robertson, addresses investors' concerns on China, covering geopolitical concerns, the property sector, and COVID lockdowns. China is a complex place to invest in, and Platinum has been investing there for decades. As bottom-up investors, we invest in companies, not countries. We look for mispriced risks, and we continue to see many great investment opportunities in China.
- **Video - The Zeitgeist is Changing in Japan.**[4] Corporate governance is gaining traction in Japan, much to the delight of shareholders. The country is also experiencing a massive step up in investment in digital technology and manufacturing. Portfolio manager James Halse talks through the various investment themes and why he believes Japanese equities are a very interesting investment opportunity, especially considering the ROE vs. valuations.
- **Video - Biotechs Preparing for the Next Chapter of Growth.**[5] Rising interest rates have raised concerns about the ability of biotechs to access capital. Contrary to popular perception, though, the sector is actually quite "healthy", says portfolio manager Dr Bianca Ogden. Dedicated health funds are stepping in to provide support, while biotechs are refocusing and streamlining their product range, and there has been a flurry of mergers and acquisitions – as the sector prepares for the next chapter of growth.
- **Article - Boom, Bust and Disruption in the Furniture Industry.**[6] During the pandemic, sales, margins, and share prices of US furniture retailers exploded as consumers splurged on redecorating their homes. But times have changed, and it is impacting industry players differently. In this article, James Halse and Tom Tao explore the changing dynamics and discuss an innovative and profitable "disruptor" they find particularly interesting.

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1 https://www.platinum.com.au/Insights-Tools/The-Journal/Chinese-Property-Market-Anti-Bubble
2 https://www.platinum.com.au/Insights-Tools/The-Journal/Video-Investing-in-a-Bear-Market
3 https://www.platinum.com.au/Insights-Tools/The-Journal/Video-Staying-the-Course-in-China
4 https://www.platinum.com.au/Insights-Tools/The-Journal/The-Zeitgeist-is-Changing-in-Japan
5 https://www.platinum.com.au/Insights-Tools/The-Journal/Biotechs-Preparing-for-the-Next-Chapter-of-Growth
6 https://www.platinum.com.au/Insights-Tools/The-Journal/Boom-Bust-Disruption-in-the-Furniture-Industry

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4. The table shows PMC'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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