



**Platinum  
Global Fund<sup>®</sup>  
Quarterly Investment  
Manager's Report**

30 June 2022

# Investment Update

## Platinum Global Fund



**Clay Smolinski**  
Portfolio Manager

### Performance

(compound p.a.\* to 30 June 2022)

	QUARTER	1 YR	3 YRS	5 YRS	SINCE INCEPTION
Platinum Global Fund*	-4.4%	-14.3%	4.0%	5.3%	7.4%
MSCI AC World Index^	-7.9%	-8.0%	6.9%	9.4%	10.4%

\* 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.

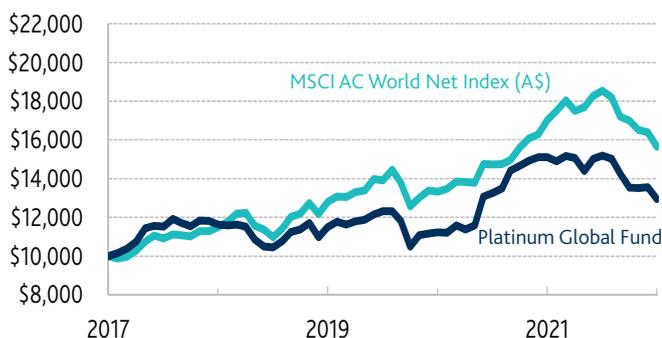
Source: Platinum Investment Management Limited for Fund returns; FactSet Research Systems for Index returns. See note 1, page 11.

### In Brief:

- Similar to the market, the sell-down in the Fund’s holdings was fairly broad-based. A number of our holdings in semiconductors, travel and commodities (fertilisers and pulp) detracted from performance.
- Our Chinese stocks generally contributed positively, with seven out of 12 Chinese positions rising over the quarter.
- Most global stock markets have fallen around 20% from their January highs, and we would not be surprised if markets fell further. This reflects the combination of a stock market bubble breaking, the fall away of the ‘stay-at-home’ spending distortion and an inflation issue in the West that was last felt 35 years ago.
- Incredible buying opportunities and wealth can be made in these market environments. From our experience of many market downturns, our preferred method to both protect capital and take advantage of opportunities is to hold cash, rotate into sectors that are already pricing in a bleak future, and keep focusing on deploying cash into the areas that we believe will be the sources of growth and incremental investment over the next five years.
- Some promising areas we are focusing on include energy security and transition, the global push to electrify and automate, and biotech.

### Value of \$10,000 Invested Over Five Years

30 June 2017 to 30 June 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.

The Fund returned -4.4% for the quarter and -14.3% for the year.<sup>1</sup>

Over the past three months, the trend in global markets has been down. The US has led this decline, falling 17% in local currency terms, followed by South Korea (-15%), Australia (-11%) and Europe (-10%). The only market to buck this trend was China, which rose 5%, amongst more evidence the Chinese market is bottoming.<sup>2</sup>

Similar to the market, the sell-down in the Fund's holdings was fairly broad-based, with our Chinese stocks generally rising.

Detractors included a number of our semiconductor holdings (**Microchip Technology** -23%, **Ciena** -25%, **Samsung Electronics** -18%), travel (**InterGlobe Aviation** -20%, **MTU Aero Engines** -18%), and some of our commodity exposures including fertilisers (**Mosaic** -29%) and pulp (**Suzano** -18%).

As mentioned, the clear cluster of positive contributors was our Chinese holdings, with seven out of our 12 Chinese positions rising over the quarter. The standout amongst these was orthopaedic device manufacturer **AK Medical** (+26%), followed by Chinese online travel agent **Trip.com** (+19%) and parcel delivery giant **ZTO Express** (+10%). Outside of China, strength was seen in Canadian energy company **Suncor Energy** (+11%), global insurance player **Beazley** (+19%) and Japanese bathroom fixtures manufacturer **Lixil** (+11%).

The major change to the portfolio was significantly raising our cash position in the first week of April in light of our growing caution on markets. In the same vein, we exited our positions in **Alphabet** and **Showa Denko** and heavily reduced our holding in **Micron Technology** on concerns for its business outlook.

In terms of additions, we added to **Tencent** and **AK Medical** in China and **Wizz Air**, **Intesa Sanpaolo** and **Infineon Technologies** (new) in Europe.

<sup>1</sup> 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.

<sup>2</sup> MSCI USA Index, MSCI Korea Index, MSCI Australia Index, MSCI Europe Index and MSCI China Index, respectively, in local currency. Source: MSCI.

## Disposition of Assets

REGION	30 JUN 2022	31 MAR 2022
Asia	26%	29%
Europe	22%	23%
North America	18%	26%
Japan	8%	12%
Australia	3%	4%
Other	1%	1%
Cash	22%	5%

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

Source: Platinum Investment Management Limited.

## Net Sector Exposures

SECTOR	30 JUN 2022	31 MAR 2022
Industrials	19%	20%
Financials	14%	15%
Materials	13%	18%
Information Technology	11%	15%
Consumer Discretionary	5%	6%
Energy	5%	5%
Communication Services	4%	7%
Health Care	3%	2%
Real Estate	3%	4%
Consumer Staples	1%	2%
TOTAL NET EXPOSURE	78%	95%

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

Source: Platinum Investment Management Limited.

## Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Microchip Technology Inc	US	Info Technology	4.1%
ZTO Express Cayman Inc	China	Industrials	4.0%
Glencore PLC	Australia	Materials	3.3%
UPM-Kymmene OYJ	Finland	Materials	3.2%
Tencent Holdings Ltd	China	Comm Services	2.9%
Samsung Electronics Co	South Korea	Info Technology	2.7%
AK Medical Holdings Ltd	China	Health Care	2.7%
MinebeaMitsumi Co Ltd	Japan	Industrials	2.5%
Mosaic Co	US	Materials	2.5%
Itochu Corp	Japan	Industrials	2.4%

As at 30 June 2022. See note 5, page 11.

Source: Platinum Investment Management Limited.

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](http://www.platinum.com.au/our-products/pgf).

## Portfolio Positioning

We are currently in a bear market, with investor sentiment around the likely pathway of inflation, interest rates and the potential for a recession the dominant factors driving stock prices. The lynchpin of this sentiment is inflation. Over the past two years, the consensus investor (and central bank) viewpoint on inflation has evolved from the West is now like Japan and we will never get inflation again, to inflation is high but transitory, to now inflation is a serious problem, and we face a very real risk of a cost-push spiral.

Central banks and governments around the world now agree they have overstepped the line with the degree of money creation and fiscal stimulus injected into the economy and are trying to tame the inflation they created. The mechanism to do this, is of course, higher interest rates, which will withdraw money from the system and lower aggregate demand for goods and services. In this regard, we are now moving to the 'demand destruction' phase of the cycle, with the rate hikes likely to produce a recession and higher unemployment. It goes without saying that an environment of rapid money creation was very supportive for asset prices, whereas this next phase of money and demand destruction will have the opposite effect. (For a more detailed explanation please see our Macro Overview.)

Before discussing how the portfolio is positioned, we must point out that the one major economy that is in a different position to what is described above, is China. The Chinese economy is already in a deep recession, and the country is also dealing with Covid shutdowns. Importantly, through this whole process, the Chinese government has chosen NOT to stimulate. In response to these challenges, the Hang Seng China Enterprises Index (HSCEI) fell 40% from its high in February 2021.

However, the situation is now turning. The government has signalled the end of its regulatory crackdown (indeed, the tech companies are now seen as a positive source of investment and future job growth). It is taking a much more pro-economy, pro-jobs stance while signalling a willingness to stimulate. These signs add to our confidence that the Chinese market is bottoming, and the proof is in the price action with Chinese stocks now rising.

With this backdrop, we can now look at some of the broad positioning of the portfolio.

- **Cash (22%):** Our large cash holding is both a reflection of caution around asset prices and an observation that many traditional defensive sectors are still highly priced, having not adjusted to the higher interest rate environment. Hence, part of our cash balance is in lieu of holding these defensives.
- **Commodities (17%):** The Fund's commodity exposure is heavily weighted towards energy (oil/gas/coal) but also includes fertiliser and pulp. An expectation of demand destruction and owning commodities don't usually go hand in hand, but the removal of Russian supply from Western buyers, combined with the seven-year capex recession the oil and gas industry has gone through, represents a unique situation. The replacement of Russian gas, Belarusian potash etc., will not be fast, easy or cheap, and there is a sound case for prices to remain relatively high. Our holdings such as Shell, Suncor, Glencore and Mosaic are trading at roughly 5x free cash flow.
- **Travel (9%):** An industry where end demand can be much better than expected is travel. Post Covid there is significant pent-up demand for travel, both from consumers and businesses. While many travel stocks have sold off on the expectation of a recession, indicators such as hotel room rates and luggage sales suggest no let-up in demand. Our holdings here are spread across online travel agents (Trip.com, Booking Holdings), airlines (InterGlobe Aviation, Wizz Air) and aerospace (MTU Aero Engines).
- **Semiconductors (11%):** Semiconductors have been a major investment theme for the Fund, with close to 20% being held in the sector at different points of the cycle. After strong price moves, we have reduced our investment in the sector and concentrated our holdings in companies that serve more industrial applications. An example of this is Infineon Technologies, a leader in power semiconductors, which is a large beneficiary of the adoption of electric vehicles and the global push to further electrify. Our industrial semiconductor holdings such as Microchip Technology and Infineon trade on 11x and 13x earnings, respectively.

- **Chinese consumption (9%):** This includes our holdings in Tencent (gaming and internet advertising), ZTO Express (e-commerce parcels) and AK Medical (orthopaedic joints). While very different businesses, the common thread between these companies is that they should all see their end markets expand considerably with the broadening out of the Chinese middle class. As mentioned above, with the Chinese economy and stock market in a different phase to the West, we have been increasing our exposure here.
- **Services (7%):** This includes companies such as Intercontinental Exchange (ICE), Allfunds and Meta Platforms. These companies all have pristine financials, generate considerable free cash flow, and a stock-specific growth angle, such as ICE's move to build an end-to-end mortgage origination and servicing software ecosystem.

The end-market exposure of the remainder of the portfolio is spread across clean energy/energy efficiency (LG Chem and Longshine Technology), growth industrials (MinebeaMitsumi) and financial services (Beazley and Intesa Sanpaolo).

As we mentioned at the outset, with sentiment around macro factors currently dominating stock price moves, it is difficult to predict what the price level of stocks will be in the next six months. However, we can take comfort that the overall valuations across the portfolio are attractive (the aggregate price-to-earnings ratio of the portfolio is roughly 10x) and at levels we would expect to provide good returns over the medium term.

## Outlook

An integral part of our investment philosophy is that investor sentiment and emotions have a large impact on stock prices. During a period of falling markets/recessions, the role of emotions is magnified.

Currently, most global stock markets have fallen around 20% from their January highs. In a historical context, a 20% fall is relatively common and typically happens when there is a peripheral problem (such as the 1998 Long-Term Capital Management crisis or the 2018 trade war). When investors are faced with a large and unfamiliar problem, and we have had three such occasions over the past 20 years (tech bubble collapse, global financial crisis and the global Covid shutdown) each time, markets have fallen roughly 40%. There is nothing predictive about this band other than a marker of where emotion can drive prices to.

Today, we have the combination of a stock market bubble breaking, the fall away of the 'stay-at-home' spending distortion and an inflation issue in the West that was last felt 35 years ago. We are not sure how bad it will get, but it does feel like it will be more than a garden variety problem. In this regard, we would not be surprised if markets fall further into that 20-40% band.

The other side of this it to remember the incredible buying opportunities and wealth that can be made in these market environments. From our direct experience of many market downturns, our preferred method to both protect capital and take advantage of opportunities is to hold cash, rotate into sectors that are already pricing in a bleak future, and keep focusing on deploying cash into the areas that we believe will be the sources of growth and incremental investment over the next five years.

As we mentioned last quarter, some of the promising areas we are devoting time to, involve energy security and transition, the global push to electrify and automate, and biotech.

# Macro Overview: A 'Garden Variety' Correction or Much More?

by Clay Smolinski, Co-Chief Investment Officer

It's been another challenging quarter for markets. In late June, Co-CIO and portfolio manager Clay Smolinski sat down with investment specialist Julian McCormack to share his thoughts on inflation, the weakening US consumer, Covid lockdowns in China and the energy crisis in Europe - and what they all mean for markets and Platinum's portfolios. An edited transcript of the conversation is below.\*

**JM: US markets have clearly had a pretty good adjustment. Is it time to 'bottom fish' for bargains there?**

**CS:** We should step back and think about that market adjustment. Looking at the US, the S&P 500 is down about 20% in local currency terms and the Nasdaq is down roughly 30% for the calendar year to date.<sup>1</sup> In a historical context, that's a very reasonable repricing. However, you need to place that repricing in the context of where we came from, which was a bubble environment where valuations were historically very high because investors had been conditioned by low interest rates and the belief that they were going to stay low for a long time. That 20% fall is just skimming off the euphoria that was surrounding markets.

We now need to think about what the current situation is. Today, we have an inflation problem, everyone knows it, but why do we have it? During Covid, the US government essentially added 40% to the money stock, with US bank deposits rising from US\$13 trillion to US\$18 trillion over an 18-month period.<sup>2</sup> However, the productive capacity of the economy, and by that, I mean trained workers, plant and equipment, and the ability to produce real goods and services, did not change. As all that new money began to chase that productive capacity, with a lag, the price of that productive capacity has naturally increased - and that's not going to solve itself quickly. The central banks know they've overstepped with the money creation and now need to tame inflation. They're doing that by hiking interest rates and

trying to remove money from the system. The mechanism to tame inflation is really to trigger a recession that lowers the demand on those productive assets, be it wages or goods and services. Now, creating 40% new money is very good for asset prices. Withdrawing money from the system and driving a recession is bad for asset prices.

So, is it time to bottom fish? We have certainly seen a repricing in markets, and opportunities on the long side are becoming more plentiful, but they're not as plentiful as you may think, and that's simply because we are coming from such an extended and euphoric starting position.

**JM: What are the potential bull cases? Where could we be wrong about being cautious on the US?**

**CS:** Where we can be wrong firstly is on investor sentiment. We've gone from the market believing inflation was never going to come back, like in Japan, to inflation being transitory, to oh, we actually have an inflation problem, and a recession is nigh. There's nothing that says that we will fall off a cliff next week, and market sentiment has moved to more of a recessionary belief. If that takes longer to transpire, we could see some pretty interesting bounces.

A second bull case is that we have two very large economies in the world. We have the US, which people believe is heading into a recession. We also have China, which is already in a recession, and potentially, once it gets past Covid, it could move into a recovery phase. The Chinese government has not really stimulated its economy to date during the Covid pandemic, certainly not to the extent that other parts of the world have, and that could be another driver of aggregate demand, which could offset some of the weakness in the US.

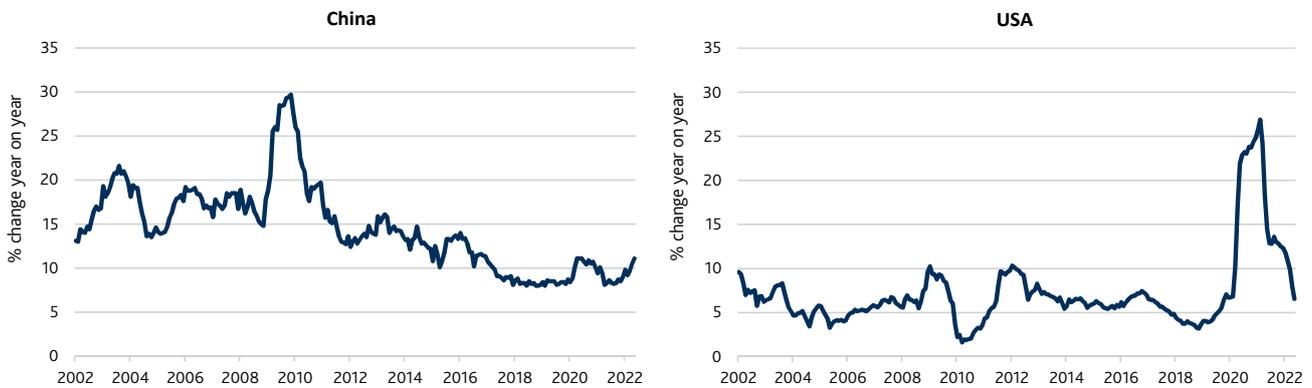
<sup>1</sup> References to returns and economic data in this Macro Overview are in quoted in local currency terms and sourced from FactSet Research Systems, unless otherwise specified.

<sup>2</sup> Source: Reserve Bank of St. Louis, January 2020 to July 2021.

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

**Fig. 1: China Policy Has Been Restrained**

Money supply (M2) growth p.a., China versus USA



Source: FactSet Research Systems (China), Federal Reserve Bank of St. Louis (USA). Monthly data to April 2022. M2 includes cash, checking deposits, and easily-convertible near money.

**JM:** In that context, the Chinese equity market had a massive setback in March, so cheap and unloved became less loved and cheaper, but what's happened since then and what's that telling us?

**CS:** We think China is in a very interesting space. Most of the indicators we are seeing today suggest we are in a bottoming process and it's time to buy. Again, we need to step back and think about the context. China is in a recession; there has been a huge repricing and a change in the level of activity in their property market following the property reforms, with new property transactions running at -40% for the calendar year to date.<sup>3</sup> We also had a regulatory crackdown, which we think was more important for investor sentiment than the economy per se, and the former has certainly soured. Of course, we've also had the Covid lockdowns. Arguably, this is one of the toughest economic periods China has had over the past 20 years.

We also have investor apathy. There is clear value in China, but investors just don't want a piece of it, and that is linked to events in Russia and more worries around China from a geopolitical sense. It very much reminds us of the investor response during the European sovereign crisis, where investors didn't want to engage in the discussion, and we know how that played out in terms of future opportunities. People may remember the constant back and forth around the European sovereign crisis. Would Germany bail out the peripheral states? We had the President of the European Central Bank (ECB), Mario Draghi, draw a line underneath it with his "we will do whatever it takes" statement in July 2012. From that point, we saw a 50% rise in that market over the next few years, and there were some tremendous gains to be

made with European banks doubling in price, for example. And so, there are some interesting parallels - and when people don't want to engage in the subject anymore, it's a good time to take a look.

What will be the catalyst for China and what are we seeing now? It feels like things are starting to turn. The government is open to stimulus packages and we've seen some announced in autos and consumption. We're not going to see the effect of those though, until we move past this Covid period. We've seen every other country in the world move past Covid - a zero-Covid policy forever is not a realistic strategy and we think there will be a resolution there. We're also starting to see a turn in regulatory and government policies around markets, particularly on tech companies. The government was introducing a lot of regulation, which to be fair, was not that different from what the Europeans were doing on tech regulation, but now these companies are being viewed as more of the solution rather than the problem. Generating employment and new investment is something the government wants to do. Companies like Tencent are saying they will invest in building out a local domestic indigenous software as a service (SaaS) style industry, which is seen as a big positive. Importantly, this is now starting to be reflected in stock prices. The Chinese stock market felt like it bottomed after the Ukrainian invasion, and since then, whilst other markets have been rolling over, it has started to trend up, so we are quite positive on the outlook there.

<sup>3</sup> Source: China Real Estate Information Corp (CRIC) and Morgan Stanley.

**JM: Further on China, it looks like an mRNA vaccine may not be too far away there. Can you reflect on the impact of vaccines in the West?**

**CS:** We saw the impact in our portfolios. In October 2020, what were the cheapest areas of the market? They were cyclicals, industrials, travel, and any industries directly hurt by the lockdowns. The day the Moderna vaccine efficacy rate was announced, many of those stocks went up 20%-30% in a day, and there was a huge rotation in the market. The day indigenous vaccine efficacy data is announced in China, we would expect to see a very aggressive and accelerated rollout of the vaccine. When the Chinese government wants to get things done, they tend to do it. So, it will be a military-style effort to vaccinate the population. When that happens, we expect to see a very strong reaction in the Chinese market and potentially global markets.

**JM: So, let's balance some of that potential in China versus a slowdown in the US, particularly the consumer, where consumption represents roughly 15% of global GDP. How are you balancing these very cheap markets, South Korea, Japan, China and Germany, against the slowdown in US demand?**

**CS:** These are either export-led countries, especially in the case of Germany and South Korea, or have a very large export sector, in the case of Japan. I have no doubt that if we do see a recession or slowdown in the US, these countries will be hit; it's just the nature of the largest economy in the world starting to slow down. But why would anyone still be interested in opportunities in those markets? Well, there are a few factors.

Certainly, coming into this current market downturn, these markets were considerably cheaper than their US counterparts. There were a number of reasons for this. Firstly, there was less of that sense of euphoria, fewer retail investors speculating via options and a general lack of all the froth that was going on in the US. Secondly, these stock markets also have less of those very 'hot' areas. The SaaS stocks, for example, are predominantly listed in the US; not many are listed in Germany and Japan. Generally, these markets have come off less than the US, and the starting valuations were considerably cheaper.

Another interesting factor is there have been some very large currency devaluations in these export-oriented countries, particularly the Japanese yen, and to a lesser extent, the euro and the South Korean won. In this type of environment, the yen trading at 135 to the US dollar places companies such as Toyota in an incredibly competitive position. It's the same for MinebeaMitsumi, a company we also own in our portfolios, which exports precision motors and ball bearings around the

globe. Those types of companies are in a fantastic position to gain market share and make quite good money in this environment.

It's the old adage that when Japan is looking pretty cheap as a holiday destination due to the yen, you should also think about buying some assets there. Hence, we have been interested in some of those export-led players, such as MinebeaMitsumi in Japan and Infineon Technologies in Germany, a large producer of power semiconductors.

**JM: Aside from the human tragedy, clearly Europe has fundamental challenges, not least around energy policy. How are you thinking about Europe?**

**CS:** The central issue in Europe is the energy crisis. There has been a fundamental change to the energy supply into Europe, particularly gas. Europe was sourcing 50% of its natural gas from Russia.<sup>4</sup> It is very hard to change the trade flow of natural gas because it's difficult to transport, you either need a pipeline or liquefaction facilities, and both take a long time to come online. There's no quick and easy solution. Energy is a fundamental building block to everything; if the energy price triples, that will affect the competitiveness of your industrial base. And if you can't get energy, well, it gets much worse. So that is a clear problem. Never count the Europeans out though. There are 300 million pretty industrious people there, and when placed on a wartime footing, it's incredible what can be achieved. I believe they recently built two liquefaction plants in record time, whereas previously, it would take five years because of the need to obtain every permit underneath the sun. This shows that the market can respond, but we know there are limits to physics; it will take time.

What is our positioning in Europe? Importantly, we don't invest in Europe; we invest in companies. We need to acknowledge that there's a problem and then ascertain who has the solution and who could be the beneficiaries. In response, we know that natural gas will be in short supply in Europe for some time and businesses will try to substitute that and electrify processes where they can. Who's a beneficiary of that? Infineon, with their power semiconductors. When thinking about electric vehicles, other forms of high-voltage electrification, energy or electricity efficiency, a power semiconductor is involved. Energy and electricity is a giant industry, so even small changes in capital spending towards that can have an outsize effect. Infineon is a local company with a dominant position in the higher-voltage ranges – it's a great example of a high-quality European technology manufacturer, and it's trading at 13 times earnings today. Investors are concerned about the

<sup>4</sup> Source: International Energy Agency (IEA).

cyclical element of the business currently. However, looking to the future, Infineon is likely to be a key supplier into electric vehicles and electrification, and one would assume there are going to be some very strong spending tailwinds around those two areas. So, that's how we're trying to view it.

**JM: We continue to hold a low net invested position in the flagship global equity portfolio - the Platinum International Fund, but there is a lot to buy. What are we reflecting in that behaviour in our own exposure?**

**CS:** It comes back to some of the guideposts that we can use and also to the start of our conversation – the repricing in markets, with most broad indices falling roughly 20% over the past six months. But let's put that into context, a 20% decline is a garden variety fall. If you look at a 90-year period in history, there will probably be 25 occasions where markets fell 20% or more. When you have a new and novel problem, and we've had three examples of that in the last 20 years, being the tech wreck, global financial crisis and global Covid shutdown, over those periods, markets fell roughly 40% on

each occasion. So, that provides a band of where sentiment can take investors. This time, we have both inflation and a bubble popping. We never know how bad that will be for the market, but we do know it's unlikely to be a garden variety style of problem.

We can then compare that with other measures of sentiment, and that sense of apathy by investors needs to be considered - are they still excited to buy now after a 10-year or 15-year bull market? Or are they starting to disengage? We suspect that we're not quite there yet, and the best measure is when opportunities are completely plentiful.

I would say there are more opportunities than there were, but they are not mouth-watering yet as we still have this hangover from the very distorted Covid spending. You can point to some big falls in these hot areas, but given that the starting valuations were so wild, there is less opportunity than you might first think.

## MSCI Regional Index Net Returns to 30.6.2022 (USD)

REGION	QUARTER	1 YEAR
All Country World	-15.7%	-15.8%
Developed Markets	-16.2%	-14.3%
Emerging Markets	-11.4%	-25.3%
United States	-16.9%	-13.2%
Europe	-14.6%	-19.8%
Germany	-18.1%	-31.2%
France	-14.8%	-18.3%
United Kingdom	-10.5%	-4.0%
Italy	-17.7%	-22.7%
Spain	-8.4%	-16.3%
Japan	-14.6%	-19.9%
Asia ex-Japan	-9.0%	-25.0%
China	3.4%	-31.8%
Hong Kong	-1.1%	-15.2%
Korea	-20.9%	-38.5%
India	-13.6%	-4.8%
Australia	-18.1%	-13.0%
Brazil	-24.4%	-23.3%

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 30.6.2022 (USD)

SECTOR	QUARTER	1 YEAR
Energy	-5.2%	21.4%
Consumer Staples	-6.2%	-4.6%
Utilities	-7.2%	3.2%
Health Care	-7.3%	-4.6%
Real Estate	-14.0%	-13.1%
Financials	-15.8%	-11.9%
Industrials	-16.2%	-18.7%
Communication Services	-18.2%	-29.8%
Materials	-19.8%	-16.1%
Consumer Discretionary	-20.2%	-28.9%
Information Technology	-21.7%	-20.5%

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

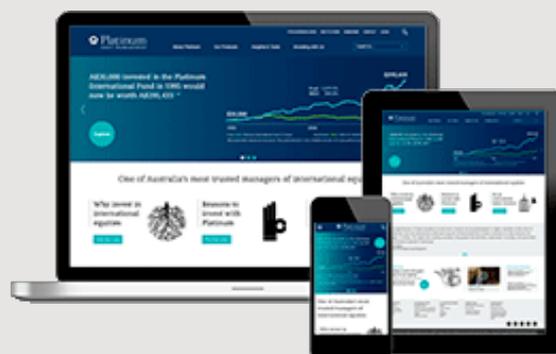
- Distribution history and statements
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- Monthly updates on PGF's investment performance, portfolio positioning and top 10 holdings.

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## Recent highlights include:

- **Webinar and Article - Market Update: Inflation Takes its Toll on Markets.**<sup>1</sup> CEO and co-CIO Andrew Clifford talks about the impact of inflation, rising interest rates and the Russia-Ukraine conflict on global equity markets. Against this backdrop, Andrew discusses Platinum's investment approach, drivers of recent returns and where the team is investing.
- **Video – Biotech, Down but Absolutely Not Out.**<sup>2</sup> It has been a difficult 12 months or so for biotech, but portfolio manager Dr Bianca Ogden believes the sector is “absolutely not broken” – far from it. Innovation continues and balance sheets are stronger than ever with a lot of cash sitting on the sidelines, paving the way for industry consolidation and ongoing investment in next-generation technologies and drug discovery.
- **Video – Turmoil Provides Catalyst for Significant Investment in Europe.**<sup>3</sup> It is no surprise that investor sentiment has turned negative on Europe. However, recent events are providing catalysts for significant change, with Europe looking to massively invest to be self-reliant in supply chains and energy. This is providing tailwinds for some of our long-term holdings, but it's also creating opportunities in new emerging companies, as portfolio manager Adrian Cotiga explains.
- **Video – Defensive Stocks Not So Defensive After All?**<sup>4</sup> US consumer stocks have taken a hit this year. Rate rises, geopolitical issues, withdrawal of fiscal stimulus and excess inventory are all taking their toll on company sales and profit margins. Portfolio manager Jamie Halse discusses his thoughts on current valuations, why defensive companies aren't necessarily great investments and where he is finding value outside the US.
- **Investing for Life Podcast – Kerr Neilson, Co-Founder, Platinum Asset Management.**<sup>5</sup> Kerr Neilson shares a rare insight into his life growing up, how his father's business challenges shaped his views on entitlement and hard work, learning the difference between luck and competitive advantage in investing, and how insecurities and the drive to win led to the creation of Platinum.



1 <https://www.platinum.com.au/Insights-Tools/The-Journal/Market-Update-Inflation-Takes-its-Toll-on-Markets>

2 <https://www.platinum.com.au/Insights-Tools/The-Journal/Video-Biotech-Down-but-Definitely-Not-Out>

3 <https://www.platinum.com.au/Insights-Tools/The-Journal/Turmoil-Provides-Catalyst>

4 <https://www.platinum.com.au/Insights-Tools/The-Journal/Defensive-Stocks-Not-So-Defensive-After-All>

5 <https://www.platinum.com.au/Insights-Tools/The-Journal/Investing-for-Life-Podcast-11>

## 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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