

7 December 2022

The Manager
ASX Market Announcements
Australian Securities Exchange Limited
Sydney NSW 2000

**Platinum Capital Limited (ASX: PMC)
Monthly Investment Update and Net Tangible Asset (NTA) Report**

Platinum Capital Limited hereby release the Monthly Investment Update and NTA Report for the month ended 30 November 2022 (as attached).

For more information in relation to PMC, please refer to the website at:
www.platinumcapital.com.au

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FACTS¹

Market capitalisation	\$383.16 mn
Listing date	29 June 1994
Current share price	\$1.300
Current dividend yield	4.62%
Pre-tax NTA	\$1.5304
Post-tax NTA	\$1.4966
Maximum franked dividend	8.36 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.

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)	7.0	8.2	2.4	(1.3)	0.2	4.9	4.2	3.8	6.3	11.0	11.2
MSCI %	2.9	5.8	4.4	(7.7)	(6.4)	7.7	7.0	9.1	9.7	13.6	7.4

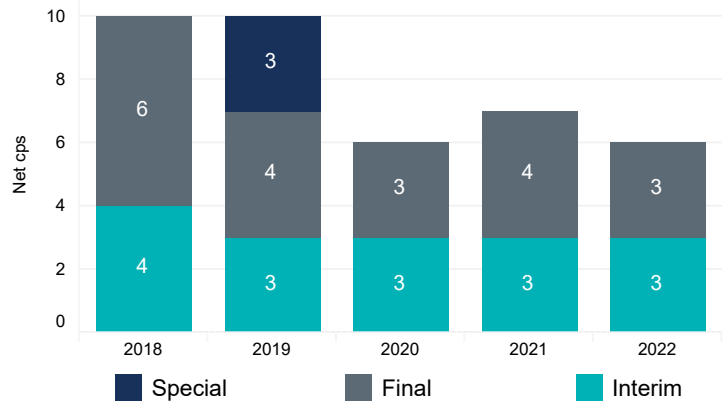
PMC's returns are calculated after the deduction of fees and expenses, adjusted for taxes paid and any capital flows and assume the reinvestment of dividends. PMC's returns have not been calculated using PMC's share price. Past performance is not a reliable indicator of future returns.

INVESTED POSITIONS⁴

	LONG %	SHORT %	NET %	CCY %
Asia-Pacific	36.2	(4.1)	32.0	47.2
Australia	2.3	(2.0)	0.2	4.0
China	19.0		19.0	19.0
China Renminbi Offshore				(1.5)
Hong Kong				1.6
India	2.3		2.3	2.3
Japan	8.0	(2.0)	6.0	17.3
South Korea	4.4		4.4	4.4
Other Asia-Pacific	0.3	(0.1)	0.1	0.1
Europe	26.5	(0.1)	26.4	28.4
Austria	2.7		2.7	
Euro				19.2
Finland	3.0		3.0	
France	3.2		3.2	
Germany	4.2		4.2	
Italy	2.4		2.4	
Netherlands	2.6		2.6	
Switzerland	1.0		1.0	1.0
United Kingdom	6.1		6.1	8.0
Other Europe	1.4	(0.1)	1.3	0.2
North America	16.5	(13.9)	2.6	22.2
Canada	2.1		2.1	2.8
United States of America	14.4	(13.9)	0.5	19.4
Other	2.2		2.2	2.2
Sub-Total	81.4	(18.1)	63.2	100.0
Cash	18.6	18.1	36.8	
Total	100.0		100.0	100.0

Long - 122 stocks, 2 swaps, 1 option, 2 other Short - 33 swaps, 2 indices

HISTORY OF FULLY FRANKED DIVIDENDS (CPS)³



TOP TEN POSITIONS⁵

STOCK	COUNTRY	INDUSTRY	%
ZTO Express Cayman Inc	China	Industrials	3.8
Microchip Technology Inc	United States	Info Technology	3.4
UPM-Kymmene OYJ	Finland	Materials	3.0
Ping An Insurance Group	China	Financials	2.7
Minebea Co Ltd	Japan	Industrials	2.5
Shell PLC	Netherlands	Energy	2.4
Intesa Sanpaolo SpA	Italy	Financials	2.3
LG Chem Ltd	South Korea	Materials	2.3
InterGlobe Aviation Ltd	India	Industrials	2.3
Tencent Holdings Ltd	China	Comm Services	2.1
Total			26.7

INDUSTRY BREAKDOWN⁴

SECTOR	LONG %	SHORT %	NET %
Industrials	17.5	(1.5)	16.0
Financials	15.2	(1.3)	13.8
Materials	10.2		10.2
Consumer Discretionary	11.6	(3.9)	7.7
Energy	6.6		6.6
Information Technology	10.5	(6.4)	4.2
Health Care	3.4		3.4
Communication Services	3.3	(0.5)	2.8
Real Estate	2.7		2.7
Consumer Staples	0.4	(0.3)	0.2
Other		(4.3)	(4.3)
Sub-Total	81.4	(18.1)	63.2
Cash	18.6	18.1	36.8
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 delivered a strong 7% return for the month.
- For the calendar year to date, shorts have provided 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 rallied strongly as Chinese markets bounced on continued stimulus announcements and the potential for an easing in COVID restrictions. China continues to be top of mind for investors. As we noted last month, we were surprised at the market's negative reaction to the 20th National Congress of the Chinese Communist Party. 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. It appears the civil unrest over the COVID lockdowns has subsided, however, we will continue to monitor events.

It is clear to us that the rate rises in the US are causing real damage to the economy, and we believe that cuts are unlikely any time soon given the risk of reigniting inflationary pressures. The Chicago purchasing managers' index (PMI) reading of 37 in November, down from 45 the previous month and 52 just three months ago, indicates the weakness in the economy (Source: FactSet). The PMI is a monthly survey of purchasing managers in the manufacturing sector; a reading above 50 indicates an expansion in economic activity, while a reading below 50 indicates a contraction. Looking at the sector performance of the S&P 500 index during the month, there were further signs of a distinct change in market leadership in 2022, with materials and industrials leading the market higher and technology stocks lagging (Source: FactSet).

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 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 short here. The bankruptcy of crypto exchange FTX could be one of the first dominoes to fall, marking the bottom of this cycle.

In recent weeks, our net exposure fell to 63% reflecting an increase in our short book, which remains dynamic and aims to protect capital. 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. The short book is a collection of stocks with what we see as alarming fundamentals and/or valuations, mostly in the technology and consumer areas.

Performance Analysis**

The portfolio has benefited from its broad tool kit during this year's market sell-off, with shorts contributing 9% to returns for the calendar year to date (CYTD), 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 -8% CYTD 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 CYTD include Glencore (mining, commodities trading), Mosaic (fertiliser), Beazley (specialist insurer), Trip.com (Chinese online travel), and China Overseas Land & Investment (residential property developer).

Valuation

The portfolio's aggregate valuation metrics are attractive in both an absolute sense and relative to the market, with a 41% higher starting earnings yield and a 44% discount on an asset basis (see table below).

Metric	Platinum Capital Limited	MSCI AC World Net Index (A\$)
NTM Earnings Yield	9.3% (Price-to-Earnings ratio of 10.7x)	6.6% (Price-to-Earnings ratio of 15.1x)
NTM Dividend Yield	3.4%	2.7%
Price-to-Book Ratio	1.4x	2.5x
Enterprise Value-to-Sales	1.4x	1.6x

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 30 November 2022. NTM = next 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.