# MLC-Platinum Global Fund

## QUARTERLY INVESTMENT MANAGER'S REPORT

### PERFORMANCE

| Fund Size: $712.1m | Last quarter | Last 12 months | 5 years (compound pa) | Since inception (compound pa) |
|---|---|---|---|---|
| **MLC-Platinum Global Fund** | 0.2% | 25.3% | 9.8% | 10.7% |
| **MSCI All Country World Net Index (A$)** | 2.8% | 26.4% | 14.5% | 7.8% |

Fund returns are after fees and expenses and assume the reinvestment of distributions. Portfolio inception date: 30 June 1994.
Source: MLC Investments Limited and Platinum Investment Management Limited for Fund returns, and FactSet Research Systems for MSCI index returns.
Past performance is not indicative of future performance. The value of an investment may rise or fall with changes in the market.

The Fund returned 0.2% for the quarter and 25.3% for the year.[1]

Over the past six months the value of the Fund has effectively tracked sideways, rising around 1%, whilst the broader market has pushed higher. There are two main factors behind this:

1. The first is, since late May, a number of our companies with cyclical exposure have seen their stock prices fall 5-15%, as the Delta variant spread rapidly around the world and investors began questioning whether the economy will begin to weaken from here. These pullbacks have offset gains elsewhere in the portfolio.
2. The second is the market reaction to the regulatory wave in China, which resulted in a blanket market sell-down. Roughly 20% of the Fund is invested in China, and in aggregate those stocks fell 10%, representing a drag of 2% on performance. Whilst a 2% drag is not large in absolute terms, it meant that 20% of the portfolio did not participate in the rally seen elsewhere.

1 References to returns and performance contributions (excluding individual stock returns) in this MLC-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.

Breaking down the main contributors to performance for the quarter, on the positive side, we saw gains across our major holdings in **Raiffeisen Bank International** (+19%), **Mosaic** (+12%), **Lixil** (+13%) and **Glencore** (+14%).

Of these holdings, our position in US fertiliser company **Mosaic** was recently acquired in March and will be less familiar to readers. Mosaic is a one of the world's largest and lowest-cost producers of phosphate and potash fertilisers. The company has weathered a decade-long down cycle in fertiliser prices, however, there are now signs we are in an up cycle. China's grain stocks have been wiped out post the flooding of the Yangtze River basin and there is a need to rebuild China's pig herd (and feed them) after the swine flu cull in 2020. This has seen China's corn imports rise from 3 million to 10 million tonnes, pushing up corn and soy prices and increasing the number of acres planted and fertiliser application rates. China's recent move to ban fertiliser exports until mid-2022 will further tighten the market and Mosaic's share price has started to rise in response.

The detractors from performance followed a similar pattern to our contributors, with a group of holdings, such as **Micron Technology** (-16%), **Trip.com** (-13%) and **Showa Denko** (-17%), suffering mid-teen falls in their share prices. However, there is one standout, being our investment in **TAL Education** which fell 81%, costing the Fund 0.76% in performance.

Platinum ASSET MANAGEMENT

MLC

## DISPOSITION OF FUND ASSETS (NET INVESTED POSITIONS)^

| Region | 30 Sep 2021 | 30 Jun 2021 |
|---|---|---|
| Asia | 34.5% | 32.5% |
| Europe | 17.0% | 15.6% |
| Japan | 16.2% | 14.0% |
| North America* | 13.4% | 26.9% |
| Australia | 3.5% | 3.1% |
| Other | 1.0% | 0.9% |
| Cash | 4.6% | 6.5% |

^ 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.

*As at 30 September 2021, the Fund had a -5.0% short position against the Nasdaq E-Mini Future Dec 21 and a -4.9% short position against the Russell Mini 2000 CME Dec 21. The Fund's -0.5% short position against the Nasdaq E-Mini Future Sep 21 was closed during the quarter.

Source: Platinum Investment Management Limited.

## TOP 10 HOLDINGS ^

| Company | Country | Industry | Weight |
|---|---|---|---|
| Samsung Electronics Co | South Korea | Info Technology | 5.0% |
| Microchip Technology Inc | US | Info Technology | 4.5% |
| Micron Technology Inc | US | Info Technology | 3.9% |
| ZTO Express Cayman Inc | China | Industrials | 3.7% |
| Lixil Group Corp | Japan | Industrials | 3.5% |
| Glencore PLC | Australia | Materials | 3.3% |
| UPM-Kymmene OYJ | Finland | Materials | 3.2% |
| Minebea Co Ltd | Japan | Industrials | 3.1% |
| Tencent Holdings Ltd | China | Comm Services | 3.0% |
| China Overseas Land & Inv | China | Real Estate | 2.9% |

^ As at 30 September 2021. 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. Numerical figures are subject to rounding adjustments.

Source: Platinum Investment Management Limited.

## NET SECTOR EXPOSURES ^

| Sector | 30 Sep 2021 | 30 Jun 2021 |
|---|---|---|
| Industrials | 20.0% | 21.9% |
| Financials | 17.0% | 18.6% |
| Information Technology | 16.0% | 15.6% |
| Materials | 15.7% | 18.5% |
| Consumer Discretionary | 7.6% | 6.9% |
| Communication Services | 7.2% | 3.2% |
| Health Care | 7.0% | 5.5% |
| Real Estate | 3.5% | 3.3% |
| Consumer Staples | 0.8% | 0.0% |
| Energy | 0.6% | 0.0% |
| Other | -9.9% | -0.5% |
| TOTAL NET EXPOSURE | 85.6% | 93.0% |

^ The table shows the Fund's net 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". Numerical figures are subject to rounding adjustments.

Source: Platinum Investment Management Limited.

## NET CURRENCY EXPOSURES ^

| Currency | 30 Sep 2021 | 30 Jun 2021 |
|---|---|---|
| United States Dollar (USD) | 24.0% | 28.7% |
| Chinese Renminbi (CNY) | 22.0% | 16.9% |
| Japanese Yen (JPY) | 16.3% | 14.8% |
| Euro (EUR) | 13.0% | 13.4% |
| South Korean Won (KRW) | 7.2% | 7.8% |
| UK Pound Sterling (GBP) | 4.7% | 3.6% |
| Australian Dollar (AUD) | 4.0% | 3.7% |
| Hong Kong Dollar (HKD) | 2.5% | 3.1% |
| Indian Rupee (INR) | 2.5% | 4.7% |
| Canadian Dollar (CAD) | 1.3% | 1.8% |
| Brazilian Real (BRL) | 1.0% | 0.9% |
| Thai Baht (THB) | 0.9% | 0.8% |
| Kazakhstani Tenge (KZT) | 0.6% | 0.0% |

^ The table shows the Fund's net exposures to the relevant currencies through its long securities positions, cash at bank, cash payables and receivables, currency forwards and long securities/index derivative positions, as a percentage of its portfolio market value.

Source: Platinum Investment Management Limited.

TAL is a provider of educational tutoring services in China, a service used by millions of Chinese parents trying give their children the best chance of navigating China's notoriously competitive school system. We purchased our stake in TAL post the stock having already fallen 80%, in response to the uncertainty around the new regulatory controls the government was going to introduce around the industry.

While we fully expected considerable regulatory changes to the business, our assessment was TAL was one of the highest-quality operators in the sector, and given the foundational value of education to the country and the clear demand from parents, there would still be a place for quality independent providers in the system. As is now well known, this last assumption proved incorrect, with the government taking the surprise move to convert the tutoring industry to a not-for-profit enterprise.

The outcome from the TAL investment is very disappointing, however, the approach to the investment in TAL was not unlike investing in a promising biotech awaiting phase 3 data. There was risk of a worse outcome on the regulatory front, but there were also many scenarios that provided considerable upside, and the position was sized accordingly to ensure a manageable impact to the Fund, should the negative outcome occur.

## Changes to the Portfolio

Similar to last quarter, we continued the pattern of rotating our holdings that have benefited from the economic recovery into companies that we believe will benefit from new areas of growth.

We completely exited our holding in Indian truck manufacturer **Ashok Leyland**, and heavily trimmed our holding in US online bank and auto lender **Ally Financial**, with both companies previously being top-10 positions and fantastic performers for the Fund. We also continued to trim our positions in **Bank of Ireland** and **Louisiana-Pacific**.

The heavy sell-down in China, gave us the opportunity to establish a new position in **Tencent** and we continued to tilt the portfolio towards companies with structural growth, adding to our positions in **Merck KGaA**, a leader in consumables for the production of biotech drugs, and European funds management distribution platform **Allfunds Group**.

In our June quarterly report,[2] we mentioned some of the areas of great change we were focusing on in order to find investment opportunities. One of those areas is the work from home (WFH) trend, that will have a lasting effect on our life choices. A new holding that is directly benefiting from the WFH trend is **Open House**.

Open House is a very unique Japanese homebuilder. The company is different in two ways:

1. The first is their **sales culture**. The company was founded by Masaaki Arai. Arai started out running a Century 21 real estate office, where he won the award for being the best-performing sales office in the country for 12 consecutive years. Arai took his sales philosophy and built a process-driven sales culture, based on high levels of training and meritocracy-based pay, to the point where Open House offers the highest-paying graduate jobs in Japan outside of the tech sector.

2. The second is their **housing product**. In an urban landscape dominated by apartments, Open House builds detached single-family homes in the major cities, giving Japanese families space at an affordable price. The genesis of this, was the change in zoning laws across Japan in the early 2000s, which allowed far more flexibility in build height and the ability to subdivide residential land. This allows Open House to buy small/irregular-sized land lots (roughly 140 square metres) that the other developers tend to shun and build two custom family homes that offer a parking space, home office and a roof garden, for the same price as an apartment.

Prior to WFH, this model produced fantastic financial success, with Open House consistently growing sales and profits at 30% p.a., making returns on equity in the high 20% range. WFH has accelerated this demand for Open House's style of homes even further.

This change in what is a desirable living space in the WFH era should be a multi-year trend and we were able to buy this impressive operator for a mere 10x earnings.

2 https://www.platinum.com.au/PlatinumSite/media/Reports/mlcqtr_0621.pdf

## OUTLOOK

We are at an important juncture in markets, as the acceptance that the current inflationary environment will be a transient blip is now increasingly being questioned.

The economic picture on the ground has changed out of sight and the signs of inflation are both stark and everywhere you look. Most will be aware of the strong inflation in energy, goods and transport prices, but importantly, inflation is strong in categories that tend to be more structural, namely labour and rent/housing.

Nominal wage increases in the US are now running at over 5% p.a., and there are over 10 million open job positions vs. an unemployed population of 8 million. Labour shortages and wage hikes are a constant theme in discussions with the companies we follow. This activity is flowing through to housing and rental costs, with US national rents up 16% for the year to date, and 10% higher than the pre-COVID price trend. When we combine this with the trend towards more populist governments, there is mounting evidence we are not returning to the low inflation world of the past decade.[3]

3 Source: Evercore ISI Research (wages), FactSet Research Systems (labour force), October Apartment List National Rent Report (rents).

Central banks around the world are now starting to take action. Rate increases are already occurring across emerging markets and the US Federal Reserve announced they are likely to reduce their bond purchases in November, which will effectively reduce the amount of interest rate manipulation that has kept rates low.

Making macro predictions is fraught with error, but here we feel the risk is asymmetric because the market is still largely pricing in a continuation of the low interest rate environment.

Hence, this is a time where we think it is paramount to stick to the discipline that price matters and to be wary of the 'hot' areas of the market. With that, we continue to position the portfolio into companies where relative valuations are on your side and you're likely to be more insulated if interest rates move higher.

**Clay Smolinski**

Co-Chief Investment Officer & Portfolio Manager
Platinum Asset Management

# Macro Overview

**by Andrew Clifford, Co-Chief Investment Officer**

**We have taken a different approach to our Macro Overview this quarter, adopting a 'Q&A' format, with investment specialist Douglas Isles asking CEO and co-CIO Andrew Clifford the key questions on many of our investors' minds, covering China regulation, income inequality/redistribution, rising inflation and what it all means for global markets. An edited transcript of the conversation is below and the full interview is available on The Journal page on our website.[1]**

**DI: It's been a very eventful quarter, particularly in China. With your 30+ years of experience investing there, can you provide some context?**

**AC:** I think one of the issues that people struggle the most with in regards to China is the idea of government interference in the economy. There's been a lot of discussion, not just in the last three months but over the last several years, about China returning to a command economy. This is in stark contrast to the China that I know and have invested in. From my experience, China is one of the most market-based economies in the world, and indeed, that is the reason for its enormous success.

Over the last decade we have seen a period of constant regulation coming into what is just a very fierce market environment. Probably the most important of these was the reform of the shadow banking system. Entrepreneurs and banks were finding loopholes in the regulations that had been introduced to restrict the funding of activities such as property development. In response, the government implemented new rules to clamp down on that behaviour, and slowly all those assets and liabilities have been brought back onto bank balance sheets.

In recent times, there's been a lot of focus on the regulation of the tech sector, but most of it is not that different to what we're seeing in the rest of the world. Europe, for example, introduced restrictions on the use of private data by e-commerce companies. The Chinese regulators are incredibly sophisticated in their approach to regulation, they study best practice around the world. Where they feel that free markets have gone too far, they introduce rules, which for the most part are very much modelled on the European approach.

**DI: It seems that every time there is a reform program in China, the rest of the world reacts badly to it, why do you think that's the case?**

**AC:** It's important to remember that in China there is a different process to enact change. For us to implement new rules around the use of data or controlling the behaviour of large e-commerce or social media companies, it would be a drawn-out process and there would be significant pushback, like what we saw in Australia with media for example. Similarly, in the US, the Federal Trade Commission case against big tech companies is likely to be a protracted affair. However, in China, it's quite the opposite, the rules appear to change 'overnight'. While the process may be different, the political motivation is not that different from ours. These changes are being made because people are unhappy with the behaviour of big tech in China, just as they are elsewhere.

**DI: Property developer Evergrande received considerable media attention over the quarter. The property market in China has been an area of scrutiny for many years, what are your thoughts?**

**AC:** We don't own Evergrande in any of the Platinum portfolios. Its issues were widely known, and while it is naturally unsettling for investors, we don't believe it will be a systemic event. At Platinum, we talk a lot about the role of cognitive biases in investing and the need to go beyond our intuitive responses, or our System One thinking as Daniel Kahneman would put it, and move to System Two thinking, where we really try to understand the realities of the situation. There has long been this story about the great Chinese property bubble, but let me share some numbers. Over the last decade, in the six largest cities, residential property prices increased in the order of 8-10% p.a. In the tier two and tier three cities it was much lower at around 4-5% p.a. Now, 8-10% p.a. is a big appreciation over that timeframe, but this needs to be seen in the context that nominal GDP growth in China is around 9% p.a. Additionally, you need to consider who's buying property in China, it's not the average household, it's the wealthy households and their incomes are growing even faster than that.[2]

There is also a lot of focus on the number of apartments that are being built, and yes, since private ownership of property was allowed in 1999, about 200 million apartments have been built. But you have to remember that's the entirety of the modern housing stock in China, because everything else prior to these newbuilds was pretty much communist-era housing. So, given there are around 300 million urban households and 900 million people living in urban areas, we haven't even built enough modern housing stock yet.[3]

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1 https://www.platinum.com.au/Insights-Tools/The-Journal/Audio-Macro-Overview

2 Source: CSLA; FactSet Research Systems.

3 Source: CSLA; State Council of the People's Republic of China.

We hear a lot of talk about the 20% of apartments that are sitting empty, but in China, investment properties typically aren't rented out because the laws are quite harsh against landlords. Interestingly, in Australia, at any point in time, around 10% of our homes are unoccupied and I'm not talking about home rental vacancy, these are properties owned by people who own more than one home and leave them unoccupied.[4]

I would add that it's actually been difficult to get a property loan in China in recent years. A 30% deposit is required to buy a first property and 50% for a second. Mortgages have grown very quickly from being almost non-existent a decade ago, to be around 35% of GDP, which is well below what pure mortgage debt is in Australia or the US.

Property is a booming and important part of the Chinese economy, but if house prices get out of control, it becomes a political issue. It's a well-founded market, not a bubble by any standards that I can see.

**DI: When the ultimate goal of the government is one of "common prosperity" is it fair to say that housing is front and centre for that?**

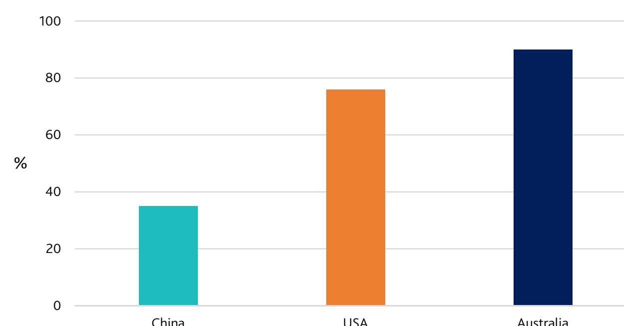
**AC:** Absolutely. For the last decade there's been continued efforts to keep property prices down. The sentiment that "property should be an end-user asset not a speculative asset" is often attributed to President Xi Jinping, but this was around long before he was President. China has the same problem that the rest of the world has on that front. I think the real issue here for the world economy is that the latest regulations are trying to control not just the price that property is sold at, but also the price that developers pay to acquire land to develop properties. It's a thoughtful approach to my mind, as it is essentially trying to regulate property development in a similar fashion to how utilities, such as electricity or gas businesses, have been regulated over the years. While there is a risk that this approach may not be successful in a market like property development, with developers already stepping back from buying land and property buyers now nervous, I think the concern of any great disaster is overstated. Past experience tells us that as soon as the Chinese authorities take their foot off the brakes, even in the slightest way, buyers come flooding back in, and if it gets to that stage, that's what I would expect here as well.

**DI: Over the last decade there has been a clamp down on corruption, supply side reform, financial reform, and now "common prosperity". On balance, do you think they have done a reasonably good job for China over that period?**

**AC:** When you look at the government's approach to introducing thoughtful, sensible regulation and rules in their economy, I think they've done an extraordinarily good job. As I said earlier, a lot of it is modelled on what the rest of the world does and I think there's nothing to be feared there.

4 https://www.abc.net.au/news/2021-04-14/house-prices-australia-climbing-not-for-the-reason-you-think/100065644

**Fig. 1: Pure Mortgage Debt as % of GDP, 2020**




Source: PBOC (China); Federal Reserve Bank of St. Louis (USA); Business Insider Australia, OECD (Australia). As at Q4 2020.

The recent event where they basically banned after-school tutoring due to cost concerns, is a bit more of an extreme measure, but again, they're very important social issues the government is reacting to, just like a democratically elected government would react to important popular issues.

**DI: Let's now look at the rest of the world, particularly the other large economy, the US. Inequality is something that the Chinese and US governments are both trying to address, can you reflect on how it's being approached in the US and what the implications might be for investors?**

**AC:** I think that income disparity is behind a great deal of discontent across much of the world. In the last decade or so, people keep referring to the world being in a low-growth environment, but that's actually not the case. The world economy grew pretty much the same rate in the decade from 2010-2020 as it did in the prior decade, but what has changed is the disparity of income, with lower-income groups clearly not doing as well as the top 20 or 40%.

Ultimately, everyone gets a vote and it then becomes an issue. I think one of the really interesting things the pandemic has shown politicians is that a lot of the payments, such as JobKeeper and JobSeeker in Australia, which have been introduced or increased during the pandemic, have clearly helped lower-income households far more than the average. And with that, I think politicians have seen the benefit of redistributing income toward lower-income groups. China faces the same issue. In fact, there are far more extremes between those who have benefited from China's prosperity than those who haven't. The call for "common prosperity" is thus one of redistributing income through the economy.

A number of years ago, we wrote about the huge benefit to economic growth of putting $100 in the hands of lower-income households vs. high-income households through tax cuts. The latter group will most likely save it and buy another property or more shares. The lower-income households on the other hand, will most likely spend it on basic necessities. On that basis, I think it would be very good for global growth if we get some degree of income redistribution that is being discussed across the world.

**DI: On the topic of economic growth, inflation is a hot topic right now for markets, what are your thoughts on that front and expectations for interest rates?**

**AC:** As we've been talking about for some time, the creation of money through quantitative easing and funding government deficits this way is unquestionably inflationary. For a long time, inflation has mainly appeared in asset prices, the stock market, private equity infrastructure assets and house prices, which has been much more extreme in the past 18 months. But now we are seeing inflation in goods and services. There's always a lot of discussion of whether this bout of inflation is due to temporary shortages. As we mentioned in our June quarterly report, the market economy is good at dealing with temporary shortages. We have seen this in iron ore and lumber where there were huge price increases and then for one reason or another, supply adjusted and the prices retreated. But we're also seeing many 'sticky' prices. We can't get enough semiconductors to meet motor vehicle demand currently or a whole range of other projects that require semiconductors. The cost of shipping a container from Shanghai to Los Angeles is up six-fold or so. Gas prices are up four- or five-fold in Europe and thermal coal prices have pretty much doubled in recent months.[5] So, there are price increases coming through everywhere. Adding to the mix, is a shortage in labour at a time when the jobs market is as strong as we've ever seen, which is a bit odd given that we're still not fully out of the pandemic, but this is what all the numbers tell you. We are seeing companies raise prices at record rates. There is also anecdotal evidence, with UK gas bills, for example, doubling in the last couple of months. This is going to cause real pain in households, not to mention rising rents, so we have a real problem here and it's a question of how it unfolds.

While central banks are all saying they won't raise interest rates soon, we shouldn't pay too much heed to that, because their whole role is to set our expectations, and they will increase rates when they see fit. This poses a real dilemma though. People are going to start struggling to pay their bills following these price moves. How will governments respond? Will they spend even more money and announce yet another round of rescue packages, which are inflationary again? I think the end destination here, one way or the other, is interest rates are going up and there's a risk this happens earlier than many expect.

**DI: How do you think this changing interest rate dynamic will play out in the markets? Will we see a reversal of fortunes in stocks?**

**AC:** The beneficiaries of cheap money and inflation in asset prices have been the sectors that everyone is so excited about in the stock market, the so-called 'disruptors'. Consequently, there's been plentiful buyers of their shares and some crazy valuations of private companies that are raising capital at 20, 30 or 40 times their revenue. Yes, they are great companies and are growing fast, but many are losing money. The point is that they can only keep the game going while there are investors who are willing to fund them, and in many cases these investors are their own employees who are paid in stock. It's hard to go a day without hearing about a new start-up developing software to solve problems for companies or individuals. There's huge competition for the corporate IT budget or your personal budget to spend on all these things. That is the area, where the combination of valuations and the fact that they need money to keep going, that is a big risk for investors. It won't be a good place to be when the music stops.

On the other hand, there's a whole other part of the economy that people haven't wanted to fund, high-quality businesses at the centre of the future growth areas of the economy. Semiconductor companies like Microchip, for example, who makes microprocessor units used in electrical switches for a whole range of items, from microwaves to car windows. This is a very profitable business and it's growing because there's increasing demand for its products. Over time, as electronics usage increases, we will need more of their products. But here is a company that's unable to deliver enough product to meet the demand in the auto industry, due to under-investment. And this has been a theme across a range of sectors for the last decade. This includes commodities like copper, for example, a vital component for all manner of things, such as electric vehicles (EVs). The world's going to need an extraordinary amount of copper, but there hasn't been any significant investment in finding new reserves for seven or eight years.

So, to me, the other side of all this capital that has been invested in the new, exciting and innovative areas is that there's some really interesting, growing businesses that haven't been able to access capital, who now find themselves in a very nice position where their product is in demand and they're able to exercise good pricing power simply because of shortages.

**DI: What do you think will ultimately make the 'music stop' so to speak?**

**AC:** If you are looking for a catalyst, I think the most obvious is interest rates. While we are now seeing bond rates trending up again, we all struggle to ever be very precise in knowing when central banks will change official interest rates.

As an investor, I believe it's important to build a portfolio of stocks that are well positioned in terms of the markets they're in. I have given the example of Microchip, but in autos, we have BMW or Toyota, who are both very well positioned for the EV world. There are other themes too, such as travel, which is also a growth industry. Many travel stocks are very high-quality businesses, whether it's the online travel agents like Booking Holdings or Trip.com, which is the Chinese equivalent, or aerospace companies like General Electric, Safran and MTU Aero Engines, who are involved in the production of engines for aircraft - and again, based on the rate at which aircraft orders are coming in, we're potentially not going to have adequate capacity to produce enough engines. There's a whole array of opportunities out there and you need to buy each knowing what they can earn in a good period and assess against that.

5 Source: https://tradingeconomics.com/; https://www.cnbc.com/2021/10/05/gas-price-surges-to-a-record-high-in-europe-on-supply-concerns-.html

**MSCI Regional Index Net Returns to 30.9.2021 (USD)**

| REGION | QUARTER | 1 YEAR |
|---|---|---|
| **All Country World** | **-1.1%** | **27.4%** |
| **Developed Markets** | **0.0%** | **28.8%** |
| **Emerging Markets** | **-8.1%** | **18.2%** |
| **United States** | **0.3%** | **29.9%** |
| **Europe** | **-1.2%** | **28.0%** |
| Germany | -4.3% | 16.5% |
| France | -2.0% | 34.3% |
| United Kingdom | -0.3% | 31.2% |
| Italy | -1.1% | 33.4% |
| Spain | -3.3% | 31.4% |
| Russia | 9.5% | 59.4% |
| **Japan** | **4.6%** | **22.1%** |
| **Asia ex-Japan** | **-9.3%** | **14.4%** |
| China | -18.2% | -7.3% |
| Hong Kong | -9.4% | 15.0% |
| Korea | -13.2% | 27.8% |
| India | 12.6% | 53.1% |
| Australia | -3.0% | 31.7% |
| Brazil | -20.2% | 21.0% |

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 30.9.2021 (USD)**

| SECTOR | QUARTER | 1 YEAR |
|---|---|---|
| Energy | 2.8% | 63.9% |
| Financials | 1.9% | 49.6% |
| Information Technology | 0.5% | 30.3% |
| Health Care | 0.2% | 18.3% |
| Utilities | -0.2% | 10.1% |
| Real Estate | -1.8% | 22.2% |
| Consumer Staples | -2.1% | 10.2% |
| Industrials | -2.1% | 27.3% |
| Communication Services | -2.6% | 28.9% |
| Materials | -5.0% | 26.8% |
| Consumer Discretionary | -5.2% | 17.6% |

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.

**If you have any questions about your investment in the MLC-Platinum Global Fund, please contact the MasterKey Service Centre on**

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M200613-1021