

FACTS

| | |
|--|--------------|
| Portfolio value | \$473.25 mn |
| Portfolio commenced | 29 June 1994 |
| Current share price | \$1.460 |
| Current dividend yield | 4.79% |
| Pre-tax NTA | \$1.5830 |
| Post-tax NTA | \$1.5313 |
| Maximum franked dividend | 7.97 cps |
| NTA retained earnings & div profit resv. | 19.57 cps |

PERFORMANCE¹

| | Company % (Pre-tax NTA) | MSCI % |
|-------------------------------|-------------------------|--------|
| 1 month | (3.9) | (5.4) |
| 3 months | 0.6 | (5.9) |
| 6 months | 0.4 | (4.6) |
| Calendar year to date | (1.0) | (7.2) |
| 1 year | 3.1 | 15.0 |
| 2 years (compound pa) | 8.1 | 11.7 |
| 3 years (compound pa) | 6.9 | 12.7 |
| 5 years (compound pa) | 8.7 | 12.7 |
| 7 years (compound pa) | 6.7 | 10.3 |
| 10 years (compound pa) | 11.3 | 14.3 |
| Since inception (compound pa) | 11.5 | 7.6 |

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.

INVESTED POSITIONS³

| | LONG % | SHORT % | NET % | CCY % |
|--------------------------|--------|---------|-------|-------|
| Asia-Pacific | 44.4 | (1.8) | 42.6 | 45.9 |
| Australia | 6.4 | (0.4) | 6.0 | 7.0 |
| China | 18.5 | | 18.5 | 18.5 |
| Hong Kong | 0.8 | | 0.8 | 2.4 |
| India | 1.9 | | 1.9 | 1.9 |
| Japan | 12.1 | (1.1) | 11.0 | 11.6 |
| Kazakhstan | 0.2 | | 0.2 | 0.2 |
| New Zealand | | (0.3) | (0.3) | (0.3) |
| South Korea | 4.3 | | 4.3 | 4.3 |
| Thailand | 0.2 | | 0.2 | 0.2 |
| Europe | 19.9 | (0.9) | 19.0 | 22.3 |
| Austria | 1.0 | | 1.0 | |
| Belgium | 0.1 | | 0.1 | |
| Denmark | 0.4 | (0.2) | 0.2 | 0.4 |
| Finland | 2.2 | | 2.2 | |
| France | 2.8 | (0.4) | 2.4 | |
| Germany | 4.2 | | 4.2 | |
| Ireland | 0.8 | | 0.8 | |
| Italy | 1.3 | | 1.3 | |
| Netherlands | 0.7 | | 0.7 | |
| Norway | 0.1 | | 0.1 | 0.1 |
| Spain | 0.5 | | 0.5 | |
| Switzerland | 0.1 | (0.3) | (0.2) | |
| United Kingdom | 5.8 | | 5.8 | 5.8 |
| Euro | | | | 16.0 |
| North America | 18.1 | (13.2) | 4.9 | 28.0 |
| Canada | 1.8 | | 1.8 | 5.0 |
| United States of America | 16.2 | (13.2) | 3.1 | 22.9 |
| Other | 3.8 | | 3.8 | 3.9 |
| Sub-Total | 86.2 | (15.9) | 70.4 | 100.0 |
| Cash | 13.8 | 15.9 | 29.6 | |
| Total | 100.0 | | 100.0 | 100.0 |

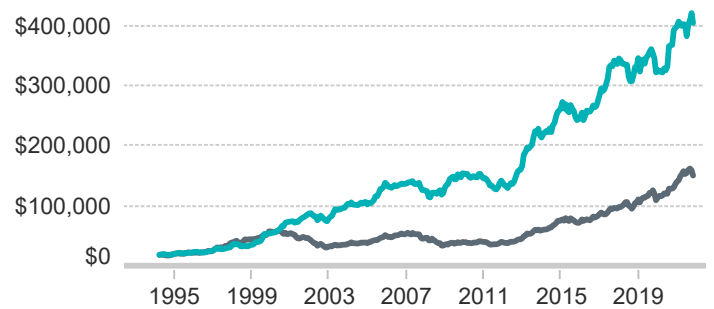
Long - 123 stocks, 2 swaps, 1 option Short - 35 swaps, 2 indices

FEEES

| | |
|------------------|---|
| 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\$)) |

*The portfolio value is the market value of the investments in the portfolio after the deduction of fees and expenses, adjusted for taxes, corporate actions and dividends.

PERFORMANCE GRAPH²



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.

TOP TEN POSITIONS⁴

| STOCK | COUNTRY | INDUSTRY | % |
|---------------------------|---------------|-----------------|------|
| Glencore PLC | Australia | Materials | 3.2 |
| ZTO Express Cayman Inc | China | Industrials | 3.0 |
| Iris Energy Ltd | Australia | Info Technology | 2.8 |
| Minebea Co Ltd | Japan | Industrials | 2.7 |
| Samsung Electronics Co | South Korea | Info Technology | 2.7 |
| Ping An Insurance Group | China | Financials | 2.7 |
| Microchip Technology Inc | United States | Info Technology | 2.6 |
| China Overseas Land & Inv | China | Real Estate | 2.6 |
| Tencent Holdings Ltd | China | Comm Services | 2.3 |
| Micron Technology Inc | United States | Info Technology | 2.3 |
| Total | | | 27.0 |

INDUSTRY BREAKDOWN³

| SECTOR | LONG % | SHORT % | NET % |
|------------------------|--------|---------|-------|
| Industrials | 17.7 | (0.1) | 17.6 |
| Materials | 14.6 | (0.2) | 14.4 |
| Financials | 12.9 | | 12.9 |
| Information Technology | 13.7 | (5.4) | 8.3 |
| Consumer Discretionary | 11.0 | (3.5) | 7.5 |
| Communication Services | 5.6 | (0.6) | 4.9 |
| Health Care | 4.9 | (0.3) | 4.7 |
| Real Estate | 3.4 | | 3.4 |
| Energy | 1.4 | | 1.4 |
| Consumer Staples | 1.0 | (0.3) | 0.7 |
| Other | | (5.5) | (5.5) |

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1. & 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 31/12/98). The investment returns in the line graph are cumulative on A\$20,000 invested in PMC since inception. **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. 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 exposure to long and short securities and long and short securities/index derivative positions, each as a percentage of PMC's portfolio value. The "Currency %" 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".

3. and 4. Country classifications for securities reflect Bloomberg's "country of risk" designations, and currency classifications for securities reflect the relevant local currencies of our country classifications.

4. 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

- Challenging month for markets in light of the Russia-Ukraine conflict.
- Portfolio has held up well over the last three months, against declining market backdrop.
- Signs of change of long-established market leadership, with speculative growth under pressure.

Market Commentary

February was a challenging month for markets and the portfolio, with the Russia-Ukraine conflict dominating the discussion. The imposition of sanctions had a severe and direct impact on Russian companies and its economy, which for context, is approximately the scale of Australia's gross domestic product (GDP). The portfolio did not hold any Russian companies, and the indirect impact, via companies' sales to Russia, is of the order of 1%. Notwithstanding the terrible human cost, increased uncertainty generally causes markets to sell-off as risk premia rise. In time, when markets start to anticipate resolution of the conflict, this will likely dissipate.

The discussion, or narrative, in markets is a very important element in understanding what the crowd is thinking. In recent years, the dominant theme in markets could loosely be termed "disruption". Aided by record levels of liquidity, this fuelled an ever-increasing divide between "growth" and so-called "value", which we have likened to 1999.

With inflationary pressures building, as we have been discussing over the last 18 months in our quarterly reports, and bond yields starting to move higher, the market was starting to question whether liquidity was receding. This in turn, has caused people to question the amount they were willing to pay for the more speculative growth stocks. Technology stocks have been under pressure over the last three months.

To describe where we are today, we may be somewhere between the "end of the bull market" and the "beginning of a bear market". It is worth noting that in a bear market, we tend to see 50-80% of the bull market retrace as liquidity and the narrative change direction.

The good news though, is that the market has been bifurcated and while there are areas of speculation, there remain some very interesting propositions which we might term loosely "growth industrials" or perhaps "decent cyclicals". These include meaningful exposures to decarbonisation, semiconductors, travel, Chinese consumers, and industrial efficiency. As the data in the table below shows, the long portion of the portfolio is on an enticing 11x earnings.

Performance Analysis*

The portfolio has held up well over the last three months in the face of a declining market. This is a reminder of the benefits of the flexibility of the strategy, with risk management tools playing a significant role. Over the 3-month period, with markets down -6%, the long portfolio was only down -3%, with the IT, Communications, and Consumer Discretionary sectors weak. However, it was the short book which added 4% to returns, with the key targets in the more speculative growth areas being sold off heavily, including broad indices like the Nasdaq, particular "baskets of stocks" and individual companies.

Over the last three months, the leading contributors to returns (on the long side) were an eclectic mix and included three miners (Glencore, Barrick Gold and First Quantum), two Japanese companies (Takeda, pharma and Itochu, conglomerate), plus Mosaic (fertiliser), China Overseas Land & Investments (property), MTU Aero Engines, Beazley (UK insurer) and Micron (semiconductors). The biggest negative impact (-0.7%) came from Central and Eastern European bank, Raiffeisen.

Valuation

The portfolio's aggregate valuation metrics are attractive in both an absolute sense and relative to the market, with a 43% higher starting earnings yield, and a 38% 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 11x) | 6.5% (Price-to-Earnings ratio of 15x) |
| NTM Dividend Yield | 3.2% | 2.6% |
| Price-to-Book Ratio | 1.6x | 2.6x |
| Enterprise Value-to-Sales | 1.3x | 1.7x |

The valuations in the table in respect of the portfolio have been calculated by Platinum and refer to its long portion, exclude negative net earnings and use FactSet consensus earnings. As at 28 February 2022.

*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.