

FACTS

Portfolio value	\$451.03 mn
Portfolio commenced	29 June 1994
Current share price	\$1.315
Current dividend yield	5.32%
Pre-tax NTA	\$1.5369
Post-tax NTA	\$1.5030
Maximum franked dividend	12.02 cps
NTA retained earnings & div profit resv.	16.71 cps

PERFORMANCE¹

	Company % (Pre-tax NTA)	MSCI %
1 month	0.7	(0.8)
3 months	(2.6)	(4.8)
6 months	(2.1)	(10.4)
Calendar year to date	(3.6)	(11.7)
1 year	(3.2)	0.6
2 years (compound pa)	10.3	10.6
3 years (compound pa)	6.7	10.4
5 years (compound pa)	5.9	9.8
7 years (compound pa)	5.3	9.0
10 years (compound pa)	11.2	13.6
Since inception (compound pa)	11.3	7.3

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	36.6	(1.6)	35.0	42.2
Australia	4.8	(0.1)	4.7	4.9
China	16.0		16.0	16.0
Hong Kong				3.2
India	1.9		1.9	1.9
Japan	9.9	(1.4)	8.4	12.2
Kazakhstan	0.2		0.2	0.2
South Korea	3.8		3.8	3.8
Europe	24.3	(3.5)	20.8	24.8
Austria	1.8		1.8	
Belgium	0.1		0.1	
Denmark	0.2		0.2	0.2
Finland	2.4		2.4	
France	2.6		2.6	
Germany	4.5	(3.0)	1.6	
Ireland	0.8		0.8	
Italy	1.8		1.8	
Luxembourg	0.1		0.1	
Netherlands	2.2		2.2	
Other Europe		(0.6)	(0.6)	
Spain	0.5		0.5	
Switzerland	0.8		0.8	0.8
United Kingdom	6.5		6.5	6.9
Euro				16.9
North America	16.8	(6.7)	10.1	29.0
Canada	2.9		2.9	3.6
United States of America	13.9	(6.7)	7.2	25.4
Other	4.0		4.0	4.0
Sub-Total	81.7	(11.8)	69.9	100.0
Cash	18.3	11.8	30.1	
Total	100.0		100.0	100.0

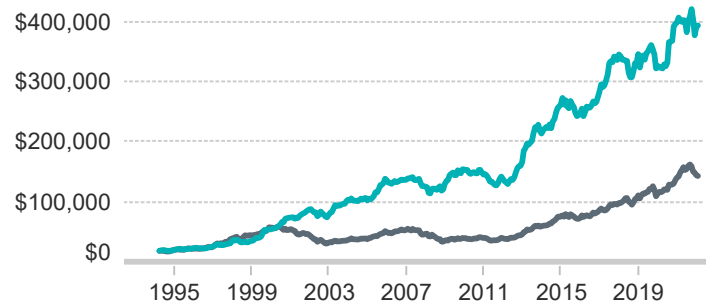
Long - 118 stocks, 2 swaps, 1 option Short - 23 swaps, 2 indices

FEES

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
Microchip Technology Inc	United States	Info Technology	3.0
ZTO Express Cayman Inc	China	Industrials	2.9
Minebea Co Ltd	Japan	Industrials	2.4
UPM-Kymmene OYJ	Finland	Materials	2.4
Ping An Insurance Group	China	Financials	2.3
Samsung Electronics Co	South Korea	Info Technology	2.2
Shell PLC	Netherlands	Energy	2.1
Tencent Holdings Ltd	China	Comm Services	2.1
Mosaic Co	United States	Materials	1.9
Total			24.7

INDUSTRY BREAKDOWN³

SECTOR	LONG %	SHORT %	NET %
Industrials	16.5	(0.7)	15.8
Materials	13.9		13.9
Financials	13.3	(0.3)	13.0
Consumer Discretionary	10.5	(3.3)	7.2
Information Technology	10.1	(3.1)	7.1
Health Care	4.7		4.7
Communication Services	5.1	(0.5)	4.6
Energy	4.3		4.3
Real Estate	2.4		2.4
Consumer Staples	0.9	(0.4)	0.5
Other		(3.5)	(3.5)

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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

- Increasing evidence that the 'disruption-driven' bull market is over.
- Six-month returns are starting to highlight the benefit of our approach.
- Likely we are only part-way through the technology sell-off based on historical patterns.

Market Commentary

The portfolio delivered a positive return in May against a continued backdrop of weak markets, with the technology-heavy Nasdaq index extending its 2022 losses, despite a bear-market rally late in the month.

The investment landscape today is as complex as it has been in a long time. Our observation is that for the last decade or so, perhaps the biggest risk was not paying enough; the risk today has shifted to paying too much. There are many implications from tightening liquidity, not least the financing of some of the more fanciful disruptors. Perhaps, "back to boring" is an uninspiring slogan, but there are some great businesses being priced today as if they are in crisis, yet they are high-quality producers of necessities and we expect they will be around for some time to come. This might include the likes of Toyota, BMW, Microchip, MinebeaMitsumi or the European banks.

With an understanding from history that when bull markets end, markets tend to give back 50-85% of the preceding rise, our focus in recent months has been on protection, as we have long expressed our concerns around inflation and speculation.

Our playbook does, however, encompass the idea of rallies within a bear market, and the importance of harvesting gains. With that in mind, we expect that the short book in the portfolio will continue to be dynamic. All else being equal, one might expect net invested positions to rise as markets fall, and vice versa. Nothing happens in a straight line, nor exactly as expected, so the key message is that we continue to maintain a cautious bias. We expect there to be a point later in the sell-off when we would seek to remove protection to capture the start of the next market cycle.

In December, we showed the expensive valuations ascribed to the 'big six' largest companies Apple, Amazon, Microsoft, Alphabet (Google parent), Tesla and Meta Platforms (formerly known as Facebook). By 31 May 2022, each was 19-49% below their respective 52-week highs (average 32%), with Netflix down over 70%, yet on a simple earnings yield (see second table below) they are now more expensive relative to 'risk free' US Treasuries than before, thus ironically reducing their investment appeal (Source: FactSet).

We remain excited by opportunities across decarbonisation, semiconductors, travel, Chinese consumers, European financials, and growth industrials. On the short side, we continue to protect the portfolio with a range of positions on stocks that have alarming fundamentals and/or valuations, most of which are in the technology and consumer areas.

Performance Analysis*

The last six months is a great reminder of why we do what we do. As markets sold off by 10%, the portfolio only fell by 2%. This was due primarily to our short positions adding 7% to returns. This more than offset any falls on the long side in tumbling markets. That return from the short positions arose from an average weighting of 23% of our assets, implying that companies we were short fell on average by 29% over the six-month period to 31 May 2022. On the long side, standout contributors were China Overseas Land & Investment (Property) and materials companies Glencore and Mosaic (US fertiliser).

Valuation

The portfolio's aggregate valuation metrics are attractive in both an absolute sense and relative to the market, with a 48% higher starting earnings yield and a 40% discount on an asset basis (see table below).

Metric	Platinum Capital Limited	MSCI AC World Net Index (A\$)
NTM Earnings Yield	9.9% (Price-to-Earnings ratio of 10.1x)	6.7% (Price-to-Earnings ratio of 14.9x)
NTM Dividend Yield	3.2%	2.7%
Price-to-Book Ratio	1.5x	2.5x
Enterprise Value-to-Sales	1.4x	1.7x

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 31 May 2022. NTM = next twelve months.

In December, we compared the long portfolio with global markets, the 'big six' listed above, and US 10-year bond yields. Increasing yields mean more attractive valuations all round, but the rate of change is informative. The portfolio yield has risen the most, which is encouraging, followed by bonds, meaning that broad global markets and particularly the 'big six' have become relatively dearer.

Asset	NTM Earnings Yield (31-12-2021)	NTM Earnings Yield (31-5-2022)	Increase in NTM Earnings Yield
Platinum Capital Limited (Longs)	7.8%	9.9%	+2.1%
MSCI AC World Net Index (A\$)	5.5%	6.7%	+1.2%
'Big six' stocks	2.8%	3.7%	+0.9%
US 10-year Treasury	1.5%	2.8%	+1.3%

Source: 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 31 May 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.**