Platinum Global Fund (Long Only)

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Portfolio Manager

Performance

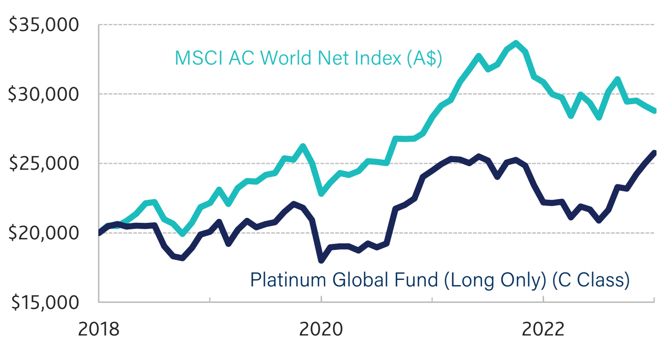
(compound p.a.+, to 31 March 2023)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Global Fund (Long Only)*	10%	15%	12%	5%	10%
MSCI AC World Index^	9%	4%	12%	10%	8%

+ Excludes quarterly returns
* C Class – standard fee option. Inception date: 28 January 2005.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI All Country World Net Index in AUD.
Source: Platinum Investment Management Limited, FactSet Research Systems.
Historical performance is not a reliable indicator of future performance.
See note 1, page 4. Numerical figures have been subject to rounding.

Value of $20,000 Invested Over Five Years

31 March 2018 to 31 March 2023



After fees and costs, before tax, and assuming reinvestment of distributions.
Historical performance is not a reliable indicator of future performance.
Source: Platinum Investment Management Limited, FactSet Research Systems.
See notes 1 & 2, page 4.

The Fund (C Class) returned 9.7% over the quarter.[1]

While contributors to performance were quite broad, the largest pockets came from our investments in:

1. **Travel** – European ultra-low-cost airline **Wizz Air** was our largest contributor, with its share price rising 56% over the quarter as air travel demand and ticket pricing continued to rise post-COVID. Gains were also seen in our positions in **Booking Holdings** (+32%), **Trip.com** (+10%) and **Airbus** (+11%).

2. **Semiconductors** – The main fear that investors have around the semiconductor industry is the current downturn in the cycle as demand for consumer goods (PCs, mobile phones, appliances) has fallen away post the COVID spending boom. Recent results indicate the current downturn may be coming to an end, and demand in auto and industrial semiconductors remains strong (driven by content growth from electrification and driver-assistance systems). In response, our investments in **Infineon Technologies** (+33%), **Micron Technology** (+21%), **Microchip Technology** (+19%) and **NXP Semiconductors** (+8% since our first entry point during the quarter) all rose.

3. **China** – As we mentioned last quarter, Chinese stocks had increasingly been seen as 'untouchable' due to geopolitical concerns; the fear of loss took over and investors fled, resulting in heavy discounting in stock prices in the process. As confidence in the economic recovery builds following the end of the zero-COVID policy and Chinese companies begin to report stronger results and outlooks, this fear is subsiding, and investors are increasingly returning to this market. This combination saw gains across a number of our Chinese holdings, in particular, **Tencent** (+22%) and **Weichai Power** (+20%).

1 References to returns and performance contributions (excluding individual stock returns) in this Platinum Global Fund (Long Only) report are in AUD terms. Individual stock returns are quoted in local currency terms and sourced from FactSet Research Systems, unless otherwise specified.

Detractors over the quarter were fairly modest and were concentrated in our commodity holdings namely **UPM-Kymmene** (-11%), **Equinor** (-9% since our first entry point during the quarter) and **Schlumberger** (-8%). The weakness reflected a rapid repricing in response to the US bank crisis, led by the collapse of Silicon Valley Bank in mid-March, with the expectation that this would reduce banks' willingness to lend and increase the chance of a broad economic contraction.

Commentary and Changes to the Portfolio

A key pillar of our investment approach is the importance of using investor sentiment as a guide to the level of mispricing in stocks. Often, the best opportunities to buy are when investors are intensely focused on the prospect of a problem rather than when the problem has actually occurred, as markets are adept at fully pricing in negative events well ahead of their happening.

A recent example of this forward discounting dynamic is the US homebuilding stocks. The US homebuilding industry is currently in recession with the highest mortgage rates since 2007, but the stock prices of the homebuilders are generally 30-50% higher than where they bottomed in June 2022.[2] The initial panic about the prospect of higher rates and a housing recession created the opportunity to buy, but by the time the housing recession that everyone was so worried about had begun, emotions had calmed and investors were already looking forward to mortgage rates being cut and a recovery!

In this regard, we continue to rotate the portfolio as we look to take advantage of these new areas of intense feelings and sell down where the investment case has played out.

Last year, Europe was a region surrounded by intense concern as investors worried about the prospects of Russia cutting off access to gas and what that would mean for corporates and the economy alike. Much like the US homebuilding example, many European stocks bottomed before the gas was cut off, and we used this fear to build positions across a number of European stocks, including the **European banks**, **Wizz Air**, **Infineon Technologies** and **Airbus**.

2 Source: Federal Reserve Bank of St. Louis, FactSet Research Systems, respectively

Disposition of Assets

REGION	31 MAR 2023	31 DEC 2022	31 MAR 2022
Asia	31%	30%	27%
Europe	30%	32%	26%
North America	20%	19%	26%
Japan	6%	6%	10%
Australia	2%	0%	4%
Other	1%	1%	1%
Cash	11%	12%	5%

See note 3, page 4. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	31 MAR 2023	31 DEC 2022	31 MAR 2022
Industrials	25%	22%	21%
Financials	14%	14%	14%
Information Technology	13%	13%	15%
Energy	11%	10%	5%
Materials	8%	9%	18%
Consumer Discretionary	6%	7%	6%
Health Care	5%	6%	2%
Communication Services	5%	6%	7%
Real Estate	2%	2%	4%
Utilities	1%	0%	0%
Consumer Staples	0%	0%	2%
TOTAL NET EXPOSURE	89%	88%	95%

See note 4, page 4. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Microchip Technology Inc	US	Info Technology	4.3%
Weichai Power Co Ltd	China	Industrials	3.9%
ZTO Express Cayman Inc	China	Industrials	3.9%
AK Medical Holdings Ltd	China	Health Care	3.8%
MinebeaMitsumi Co Ltd	Japan	Industrials	3.7%
Tencent Holdings Ltd	China	Comm Services	3.6%
Wizz Air Holdings Plc	Switzerland	Industrials	3.5%
UPM-Kymmene OYJ	Finland	Materials	3.4%
Trip.com Group Ltd	China	Cons Discretionary	3.0%
Samsung Electronics Co Ltd	South Korea	Info Technology	2.9%

As at 31 March 2023. See note 5, page 4.
Source: Platinum Investment Management Limited.

For further details of the Fund's invested positions, including country and industry breakdowns and currency exposures, updated monthly, please visit http://www.platinum.com.au/our-products/pgflo

As the fears over the gas crisis have subsided, our European positions have experienced strong gains, and we used this strength to raise funds, selling out of our positions in **BMW**, **Informa** and **Booking Holdings** and reducing our positions in European banks **Erste** and **Intesa Sanpaolo**. We also trimmed our positions in **ZTO Express** and **Tencent**, effectively selling the additional shares we acquired during the lows back in October.

We have applied the proceeds to investments in a selection of financial services businesses. These included increasing our positions in **Allfunds** and **St. James's Place** and building a new position in **TransUnion**.

While they are all different businesses, the commonality between Allfunds and St. James's Place is their revenue is determined by the value of their assets under management (AUM). With the value of equity markets having fallen, combined with one of the largest falls in the value of fixed income securities in history, both firms' AUM, earnings and investor sentiment have been suppressed.

TransUnion is one of the big three global credit bureaus (alongside Equifax and Experian) that collects credit payment data (e.g. whether a borrower repaid their car loan or defaulted) and packages it into software that helps banks and other lenders make decisions on who they will lend to and at what price. From the initial base of credit data, each company has moved into new areas where data can assist with high-value decisions, namely income verification (Equifax), user ID and fraud (TransUnion), and targeted marketing (Experian).

TransUnion's stock price has halved on fears about a fall in the issuance of new credit and uncertainty around its deal to buy fellow data firm Neustar. As rates have risen, mortgage applications have collapsed, and while this dampens revenue growth in the short term, the impact is ultimately transitory. The market's scepticism around Neustar is due to its exposure to targeted marketing, which is an area that Experian has consistently struggled with. We have a more optimistic view. Neustar's expertise is in user identification, and our background work indicates this data can be more valuable in a post-Apple IDFA (identifier for advertisers) world and has a complementary fit with TransUnion's existing ID and fraud products.

Stepping back, the core competency of these firms is the collection, cataloguing, analysis and ultimately, the building of useful decision tools on large data sets. As the world moves online and increasingly important transactions are done remotely rather than face-to-face (e.g. getting a loan, qualifying for social security payments), we have seen the user cases for TransUnion and its data vendor peers consistently expand. We expect this trend to continue and see the price we paid as a good entry point.

Outlook

There is a persistent contradiction in the role that macroeconomics should have in decision making. That contradiction is the fact that, the majority of the time, macroeconomics is of minor importance and shouldn't feature heavily in your decision making, BUT there are certain times when macroeconomics matters a great deal and completely dictates stock prices in the short/medium term.

The question is, then, when do we pay attention? History shows the times when macroeconomics 'matters' are when there is a significant change in the cost and availability of credit, with the global financial crisis, the European sovereign crisis and the Chinese shadow banking reform in 2018 following this pattern. The situation today fits the bill, as we have seen a repricing of interest rates globally, and the recent problems in the US banking system should produce a period of much tighter lending standards. Our initial reaction to these developing events is one of caution.

That said, the theme of this quarterly report has been the market's ability to forward discount events, and when it comes to the role of macroeconomics, we also need to remain open to the possibility that the market may have already priced in a recession and the prospect of lower corporate earnings. The recent lows in October saw both the US and European markets fall 24% from their peaks, and after adjusting for inflation, this represents a fall in the real value of closer to 35%, which is fairly substantial in a historical context.

Overall, on the macro front, in principle, there are reasons for caution, but we want to use this uncertainty to our advantage. This market environment is well suited to our investment style, and if we can continue to maintain a mix of rotating the portfolio into companies where the extremes are already discounted along with building positions in companies where earnings can be higher in three to five years' time, good returns should follow.

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) of the stated unit class 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$20,000 invested in C Class (standard fee option) of the Fund over the specified period relative to the specified net MSCI index in AUD.
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. Country classifications for securities reflect Bloomberg's "country of risk" designations. "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.

Disclaimers

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