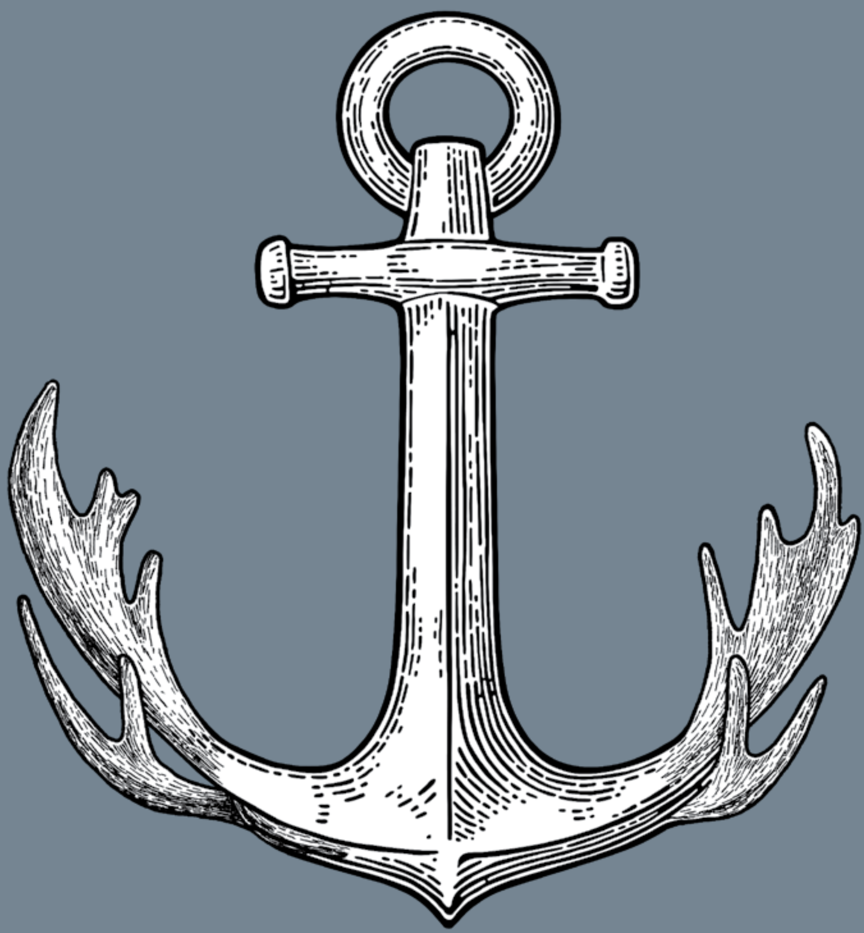
Platinum International Fund
Platinum Global Fund (Long Only)
Platinum Asia Fund
Platinum European Fund
Platinum Japan Fund
Platinum International Brands Fund
Platinum International Health Care Fund
Platinum International Technology Fund

Platinum
ASSET MANAGEMENT

Quarterly Report

30 JUNE
2022



Contents

The Platinum Trust quarterly report is available on our website from approximately the 15th of the month following quarter end.
Visit www.platinum.com.au/Investing-with-Us/Investment-Updates

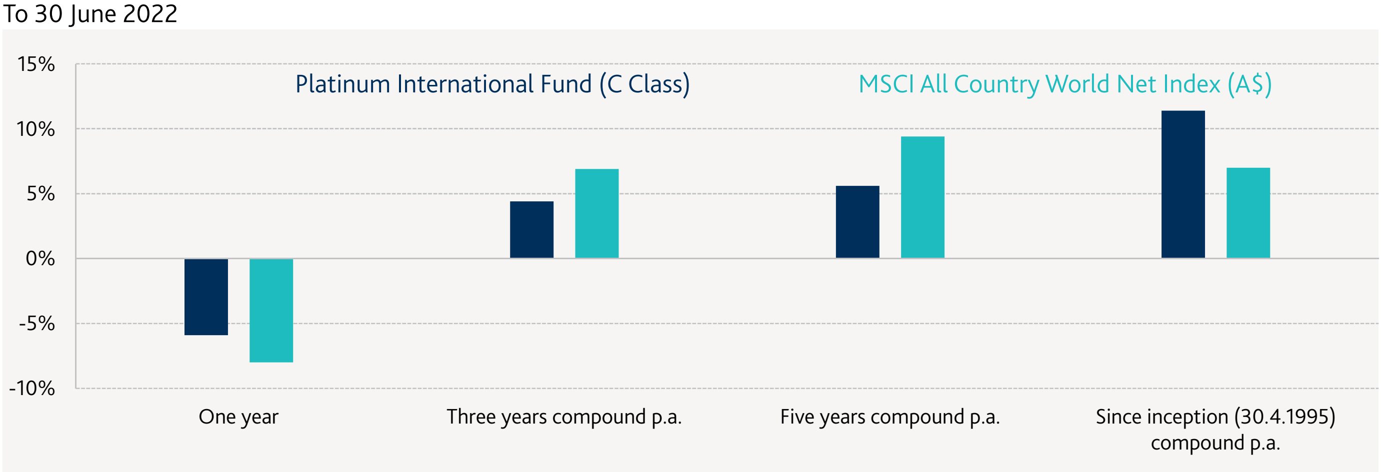
Performance Returns to 30 June 2022

FUND (C CLASS – STANDARD FEE OPTION) (P CLASS – PERFORMANCE FEE OPTION)	PORTFOLIO VALUE (POST 30 JUNE CASH DISTRIBUTION A$ MIL)	QUARTER	1 YEAR	2 YEARS COMPOUND P.A.	3 YEARS COMPOUND P.A.	5 YEARS COMPOUND P.A.	SINCE INCEPTION COMPOUND P.A.	INCEPTION DATE
Platinum International Fund (C Class)	**6,453.1**	**2.5**	**-5.9**	**9.0**	**4.4**	**5.6**	**11.4**	**30 Apr 1995**
Platinum International Fund (P Class)	19.8	2.5	-5.7	9.2	4.7	-	5.4	3 Jul 2017
MSCI All Country World Net Index (A$)		-7.9	-8.0	8.4	6.9	9.4	7.0	30 Apr 1995
Platinum Global Fund (Long Only) (C Class)	**155.1**	**-4.9**	**-16.5**	**5.3**	**1.4**	**4.1**	**9.3**	**28 Jan 2005**
Platinum Global Fund (Long Only) (P Class)	5.3	-4.8	-16.2	5.6	1.7	-	4.1	3 Jul 2017
MSCI All Country World Net Index (A$)		-7.9	-8.0	8.4	6.9	9.4	7.4	28 Jan 2005
Platinum Asia Fund (C Class)	**3,226.4**	**3.7**	**-14.5**	**3.9**	**7.3**	**7.7**	**13.1**	**4 Mar 2003**
Platinum Asia Fund (P Class)	8.8	3.7	-14.3	3.9	7.2	-	7.4	3 Jul 2017
MSCI All Country Asia ex Japan Net Index (A$)		-0.6	-18.1	2.4	2.8	5.4	9.0	4 Mar 2003
Platinum European Fund (C Class)	**360.7**	**-1.9**	**-11.5**	**5.7**	**-0.3**	**3.2**	**10.1**	**30 Jun 1998**
Platinum European Fund (P Class)	3.5	-1.9	-11.3	5.9	0.0	-	3.0	3 Jul 2017
MSCI All Country Europe Net Index (A$)		-6.7	-12.4	4.2	0.9	3.9	2.9	30 Jun 1998
Platinum Japan Fund (C Class)	**451.0**	**-5.6**	**-7.7**	**4.5**	**1.4**	**3.7**	**12.5**	**30 Jun 1998**
Platinum Japan Fund (P Class)	2.3	-5.5	-7.5	4.7	1.7	-	3.8	3 Jul 2017
MSCI Japan Net Index (A$)		-6.8	-12.6	0.0	1.7	4.0	2.7	30 Jun 1998
Platinum International Brands Fund (C Class)	**449.1**	**5.6**	**-22.8**	**7.9**	**5.6**	**6.3**	**11.4**	**18 May 2000**
Platinum International Brands Fund (P Class)	2.0	5.7	-22.6	8.0	5.8	-	6.4	3 Jul 2017
MSCI All Country World Net Index (A$)		-7.9	-8.0	8.4	6.9	9.4	3.9	18 May 2000
Platinum International Health Care Fund (C Class)	**426.8**	**-5.4**	**-33.7**	**-6.5**	**4.7**	**7.2**	**8.9**	**10 Nov 2003**
Platinum International Health Care Fund (P Class)	10.1	-5.3	-33.5	-7.2	3.8	-	6.5	3 Jul 2017
MSCI All Country World Health Care Net Index (A$)		1.3	4.2	8.6	11.3	11.7	9.5	10 Nov 2003
Platinum International Technology Fund (C Class)	**128.7**	**-8.0**	**-18.8**	**2.5**	**8.5**	**8.5**	**9.2**	**18 May 2000**
Platinum International Technology Fund (P Class)	3.1	-8.0	-18.6	2.7	8.8	-	8.8	3 Jul 2017
MSCI All Country World IT Net Index (A$)		-14.5	-13.2	7.8	16.0	18.8	3.5	18 May 2000

Fund returns are net of accrued fees and costs, are pre-tax, and assume the reinvestment of distributions. Historical performance is not a reliable indicator of future performance. Source: Platinum Investment Management Limited for Fund returns and FactSet Research Systems for MSCI index returns. See note 1, page 40.

Platinum International Fund vs. MSCI All Country World Net Index (A$)

To 30 June 2022



Fund returns are net of fees and costs, are pre-tax, and assume the reinvestment of distributions. Historical performance is not a reliable indicator of future performance. Source: Platinum Investment Management Limited for fund returns and FactSet Research Systems for MSCI index returns. See note 1, page 40.

In Brief

Platinum International Fund

- The US Federal Reserve's decision to sharply increase interest rates from 0.5% to 1.75% over the course of the quarter in response to the accelerating rate of inflation was the key driver of markets. This resulted in a significant setback for the popular growth stocks that have led the bull market over the last three years. Asia, particularly China, was the notable outperformer for the quarter.
- Our short positions were the strongest contributor to the Fund's performance, adding 7% to returns. On the long side, many of our Chinese investments (Trip.com, ZTO Express, China Overseas Land & Investment) provided a positive return. Energy companies (Saras, Suncor Energy), global insurance player Beazley, and Japanese bathroom fixtures manufacturer Lixil also contributed positively.
- The Fund's net invested position fell from 62% to 56%. The make-up changed significantly, with short positions reduced from 28% to 20%, and cash increased from 10% to 24%. This cautious positioning continues to reflect our concerns regarding the impact of rising interest rates on what has been a very speculative stock market.
- The months ahead will likely remain volatile as markets transition away from the near-zero interest rate environment. The Fund is positioned for this environment with investments predominantly comprising profitable businesses trading at attractive valuations. Short positions continue to be held in popular growth stocks and market indices to reduce the Fund's exposure to further market declines. Ample cash reserves will allow the Fund to take advantage of new opportunities as they arise.

Platinum Global Fund (Long Only)

- Similar to the market, the sell-down in the Fund's holdings was fairly broad-based. A number of our holdings in semiconductors, travel and commodities (fertilisers and pulp) detracted from performance. Our Chinese stocks generally contributed positively, with seven out of 11 Chinese positions rising over the quarter.
- Most global stock markets have fallen around 20% from their January highs, and we would not be surprised if markets fell further. This reflects the combination of a stock market bubble breaking, the fall away of the 'stay-at-home' spending distortion and an inflation issue in the West that was last felt 35 years ago.
- Incredible buying opportunities and wealth can be made in these market environments. From our experience of many market downturns, our preferred method to both protect capital and take advantage of opportunities is to hold cash, rotate into sectors that are already pricing in a bleak future, and keep focusing on deploying cash into the areas that we believe will be the sources of growth and incremental investment over the next five years. Some promising areas we are focusing on include energy security and transition, the global push to electrify and automate, and biotech.

Platinum Asia Fund

- In contrast to more recent times, Chinese assets generally performed well while most other markets across the region were weak. In China, the market responded to signs of an improving economy as the latest wave of Covid lockdowns eased, and the government increasingly turned its attention to stimulating the economy.
- Many of our slightly faster-growing, more-innovative Chinese companies performed well, including prosthetic joint manufacturer AK Medical, online grocery delivery company Dingdong and robotics manufacturer Estun Automation. Renewed optimism around the reopening of travel and in-store retail benefited holdings such as hotel chain H World Group, travel website operator Trip.com and fast-food chain Yum China.
- Valuations vary across the region by market, sector and company but largely remain reasonable, which portends well for finding attractive investment opportunities. The setup in China is in stark contrast to most developed markets. With an economy already weak and slowing for some time, and no real stimulus in response to Covid, the government's endeavours to re-invigorate the economy and stimulate activity may prove to be a more stable foundation for positive market performance.

Platinum European Fund

- Our decision to position the portfolio much more defensively in late March by reducing our net invested position from 73% to as low as 50% during the quarter, achieved through a combination of individual stock shorts, index shorts and holding cash, made a strong positive contribution to performance. Our best-performing long position was Sardinian oil refiner Saras. Key detractors were Wizz Air and European fund platform Allfunds.
- The Russian invasion of Ukraine is probably the most significant geopolitical event on the European continent since the fall of the Berlin Wall in 1989. The resultant challenges create pressure for change. That change will bring many investment opportunities in the medium term (defence, energy security and transition, self-sufficiency in key technologies and supply-chain resilience). However, these pressures will also create a higher-risk investing environment, which we feel the market is not adequately pricing in. Accordingly, the Fund continues to be cautiously positioned.

Platinum Japan Fund

- Japan's stock market fared considerably better than its US and European counterparts, helped in part by the weakness in the yen and ongoing loose monetary policy. The Fund saw strong performance from a selection of stocks driven by idiosyncratic factors, with key contributors including Ship Healthcare, Fuji Soft and Lixil.
- The outlook for Japanese equities appears robust. Notwithstanding the growing macroeconomic clouds elsewhere in the world, Japanese stocks are starting from already depressed valuation levels, and corporates are returning cash to investors at record levels while maintaining generally strong balance sheets. The ongoing improvement in corporate governance is steadily continuing, aided by shareholder engagement.

Platinum International Brands Fund

- Our Chinese holdings boosted returns significantly as major cities emerged from harsh lockdowns, and the government stimulated the economy while delivering more favourable messaging around the policy outlook for digital platforms. Our holdings in digital platforms Dingdong, Meituan, Trip.com and JD.com were key contributors to performance. Our short positions against individual stocks exposed to US consumer durables, as well as broader indices, also assisted performance.
- We maintain a low net market exposure as we remain cautious on the health of consumers globally in light of rampant inflation in non-discretionary categories, negative real wage growth and rising interest rates. We are more confident in the outlook for Asia, driven by a reopening from lockdowns alongside a loosening of monetary and regulatory policy in China, as well as continued aggressively loose monetary policy in Japan, with a weak yen likely to assist Japanese stocks.

Platinum International Health Care Fund

- The Fund's significant exposure to the biotech sector impacted performance over the quarter. This prolonged sell-off is unprecedented. Signs of stabilisation in the second half of the quarter, with investors starting to return from the sidelines to take advantage of cheap valuations and evidence of refinancing, helped the Fund to deliver a strong positive return in June.
- The backdrop for the biotech industry is sound. The past decade was a remarkable funding environment for biotechs. As we have seen with past cycles, this is the time when new companies will mature. We are in a period where the biotech sector will redefine how we identify and develop new drugs. Tools are being produced that will allow us to decipher the protein universe, similar to what next-generation sequencing provided us for studying our genes, and gene editing will ultimately graduate from a lab tool to a therapeutic modality. In our view, now is not the time to turn our backs on the biotech sector. It is a time to do the due diligence, engage with companies and build the portfolio for the coming years.

Platinum International Technology Fund

- A relatively low exposure to the US market, high cash position, short positions, and a recovery in some of our Chinese internet holdings assisted the Fund's performance during what was a very weak quarter for technology stocks. JD.com, Trip.com and DTS Corp provided a positive contribution to performance; our semiconductors detracted.
- We took the opportunity of share price weakness to add to some of our positions in memory chips and hard disk drives (Western Digital) and electric vehicle batteries (Samsung SDI). We added to Infineon Technologies, a leading German manufacturer of discrete power semiconductors, as we believe it will hugely benefit from the proliferation of electric vehicles, renewable energy generation and electricity storage. We are excited to see many of the stocks we like now trading at more attractive valuations. We will seek to invest in these opportunities while maintaining relatively high cash and short positions to protect the Fund from the downside.

Macro Overview: A 'Garden Variety' Correction or Much More?

by Clay Smolinski, Co-Chief Investment Officer

It's been another challenging quarter for markets. In late June, Co-CIO and portfolio manager Clay Smolinski sat down with investment specialist Julian McCormack to share his thoughts on inflation, the weakening US consumer, Covid lockdowns in China and the energy crisis in Europe - and what they all mean for markets and Platinum's portfolios. An edited transcript of the conversation is below.*

JM: US markets have clearly had a pretty good adjustment. Is it time to 'bottom fish' for bargains there?

CS: We should step back and think about that market adjustment. Looking at the US, the S&P 500 is down about 20% in local currency terms and the Nasdaq is down roughly 30% for the calendar year to date.[1] In a historical context, that's a very reasonable repricing. However, you need to place that repricing in the context of where we came from, which was a bubble environment where valuations were historically very high because investors had been conditioned by low interest rates and the belief that they were going to stay low for a long time. That 20% fall is just skimming off the euphoria that was surrounding markets.

We now need to think about what the current situation is. Today, we have an inflation problem, everyone knows it, but why do we have it? During Covid, the US government essentially added 40% to the money stock, with US bank deposits rising from US$13 trillion to US$18 trillion over an 18-month period.[2] However, the productive capacity of the economy, and by that, I mean trained workers, plant and equipment, and the ability to produce real goods and services, did not change. As all that new money began to chase that productive capacity, with a lag, the price of that productive capacity has naturally increased - and that's not going to solve itself quickly. The central banks know they've overstepped with the money creation and now need to tame inflation. They're doing that by hiking interest rates and trying to remove money from the system. The mechanism to tame inflation is really to trigger a recession that lowers the demand on those productive assets, be it wages or goods and services. Now, creating 40% new money is very good for asset prices. Withdrawing money from the system and driving a recession is bad for asset prices.

So, is it time to bottom fish? We have certainly seen a repricing in markets, and opportunities on the long side are becoming more plentiful, but they're not as plentiful as you may think, and that's simply because we are coming from such an extended and euphoric starting position.

JM: What are the potential bull cases? Where could we be wrong about being cautious on the US?

CS: Where we can be wrong firstly is on investor sentiment. We've gone from the market believing inflation was never going to come back, like in Japan, to inflation being transitory, to oh, we actually have an inflation problem, and a recession is nigh. There's nothing that says that we will fall off a cliff next week, and market sentiment has moved to more of a recessionary belief. If that takes longer to transpire, we could see some pretty interesting bounces.

A second bull case is that we have two very large economies in the world. We have the US, which people believe is heading into a recession. We also have China, which is already in a recession, and potentially, once it gets past Covid, it could move into a recovery phase. The Chinese government has not really stimulated its economy to date during the Covid pandemic, certainly not to the extent that other parts of the world have, and that could be another driver of aggregate demand, which could offset some of the weakness in the US.

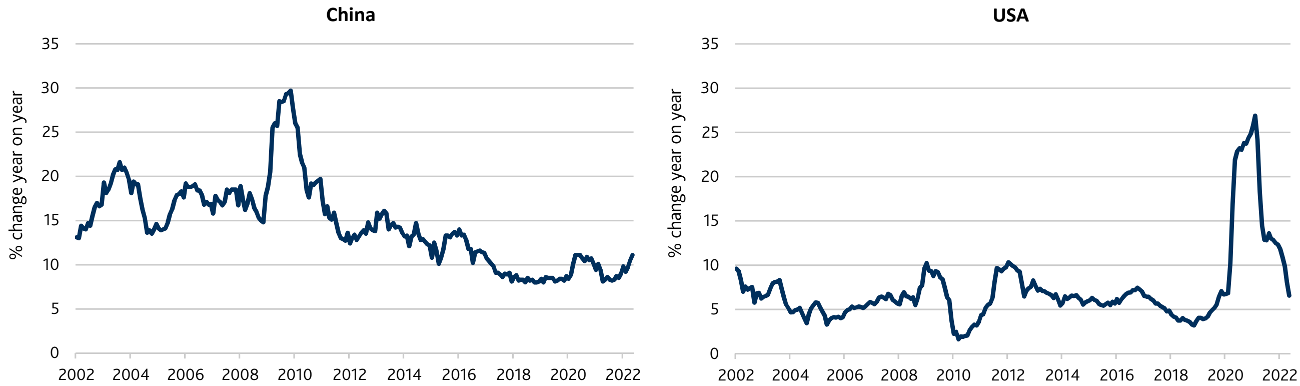
1 References to returns and economic data in this Macro Overview are in quoted in local currency terms and sourced from FactSet Research Systems, unless otherwise specified.

2 Source: Reserve Bank of St. Louis, January 2020 to July 2021.

*The full interview is available in audio format on The Journal page of our website https://www.platinum.com.au/Insights-Tools/The-Journal

Fig. 1: China Policy Has Been Restrained

Money supply (M2) growth p.a., China versus USA



Source: FactSet Research Systems (China), Federal Reserve Bank of St. Louis (USA). Monthly data to April 2022. M2 includes cash, checking deposits, and easily-convertible near money.

JM: In that context, the Chinese equity market had a massive setback in March, so cheap and unloved became less loved and cheaper, but what's happened since then and what's that telling us?

CS: We think China is in a very interesting space. Most of the indicators we are seeing today suggest we are in a bottoming process and it's time to buy. Again, we need to step back and think about the context. China is in a recession; there has been a huge repricing and a change in the level of activity in their property market following the property reforms, with new property transactions running at -40% for the calendar year to date.[3] We also had a regulatory crackdown, which we think was more important for investor sentiment than the economy per se, and the former has certainly soured. Of course, we've also had the Covid lockdowns. Arguably, this is one of the toughest economic periods China has had over the past 20 years.

We also have investor apathy. There is clear value in China, but investors just don't want a piece of it, and that is linked to events in Russia and more worries around China from a geopolitical sense. It very much reminds us of the investor response during the European sovereign crisis, where investors didn't want to engage in the discussion, and we know how that played out in terms of future opportunities. People may remember the constant back and forth around the European sovereign crisis. Would Germany bail out the peripheral states? We had the President of the European Central Bank (ECB), Mario Draghi, draw a line underneath it with his "we will do whatever it takes" statement in July 2012. From that point, we saw a 50% rise in that market over the next few years, and there were some tremendous gains to be made with European banks doubling in price, for example.

3 Source: China Real Estate Information Corp (CRIC) and Morgan Stanley.

And so, there are some interesting parallels - and when people don't want to engage in the subject anymore, it's a good time to take a look.

What will be the catalyst for China and what are we seeing now? It feels like things are starting to turn. The government is open to stimulus packages and we've seen some announced in autos and consumption. We're not going to see the effect of those though, until we move past this Covid period. We've seen every other country in the world move past Covid - a zero-Covid policy forever is not a realistic strategy and we think there will be a resolution there. We're also starting to see a turn in regulatory and government policies around markets, particularly on tech companies. The government was introducing a lot of regulation, which to be fair, was not that different from what the Europeans were doing on tech regulation, but now these companies are being viewed as more of the solution rather than the problem. Generating employment and new investment is something the government wants to do. Companies like Tencent are saying they will invest in building out a local domestic indigenous software as a service (SaaS) style industry, which is seen as a big positive. Importantly, this is now starting to be reflected in stock prices. The Chinese stock market felt like it bottomed after the Ukrainian invasion, and since then, whilst other markets have been rolling over, it has started to trend up, so we are quite positive on the outlook there.

JM: Further on China, it looks like an mRNA vaccine may not be too far away there. Can you reflect on the impact of vaccines in the West?

CS: We saw the impact in our portfolios. In October 2020, what were the cheapest areas of the market? They were cyclicals, industrials, travel, and any industries directly hurt by the lockdowns. The day the Moderna vaccine efficacy rate was announced, many of those stocks went up 20%-30% in a day, and there was a huge rotation in the market. The day indigenous vaccine efficacy data is announced in China, we would expect to see a very aggressive and accelerated rollout of the vaccine. When the Chinese government wants to get things done, they tend to do it. So, it will be a military-style effort to vaccinate the population. When that happens, we expect to see a very strong reaction in the Chinese market and potentially global markets.

JM: So, let's balance some of that potential in China versus a slowdown in the US, particularly the consumer, where consumption represents roughly 15% of global GDP. How are you balancing these very cheap markets, South Korea, Japan, China and Germany, against the slowdown in US demand?

CS: These are either export-led countries, especially in the case of Germany and South Korea, or have a very large export sector, in the case of Japan. I have no doubt that if we do see a recession or slowdown in the US, these countries will be hit; it's just the nature of the largest economy in the world starting to slow down. But why would anyone still be interested in opportunities in those markets? Well, there are a few factors.

Certainly, coming into this current market downturn, these markets were considerably cheaper than their US counterparts. There were a number of reasons for this. Firstly, there was less of that sense of euphoria, fewer retail investors speculating via options and a general lack of all the froth that was going on in the US. Secondly, these stock markets also have less of those very 'hot' areas. The SaaS stocks, for example, are predominantly listed in the US; not many are listed in Germany and Japan. Generally, these markets have come off less than the US, and the starting valuations were considerably cheaper.

Another interesting factor is there have been some very large currency devaluations in these export-oriented countries, particularly the Japanese yen, and to a lesser extent, the euro and the South Korean won. In this type of environment, the yen trading at 135 to the US dollar places companies such as Toyota in an incredibly competitive position. It's the same for MinebeaMitsumi, a company we also own in our portfolios, which exports precision motors and ball bearings around the globe. Those types of companies are in a fantastic position to gain market share and make quite good money in this environment.

It's the old adage that when Japan is looking pretty cheap as a holiday destination due to the yen, you should also think about buying some assets there. Hence, we have been interested in some of those export-led players, such as MinebeaMitsumi in Japan and Infineon Technologies in Germany, a large producer of power semiconductors.

JM: Aside from the human tragedy, clearly Europe has fundamental challenges, not least around energy policy. How are you thinking about Europe?

CS: The central issue in Europe is the energy crisis. There has been a fundamental change to the energy supply into that country, particularly gas. Europe was sourcing 50% of its natural gas from Russia.[4] It is very hard to change the trade flow of natural gas because it's difficult to transport, you either need a pipeline or liquefication facilities, and both take a long time to come online. There's no quick and easy solution. Energy is a fundamental building block to everything; if the energy price triples, that will affect the competitiveness of your industrial base. And if you can't get energy, well, it gets much worse. So that is a clear problem. Never count the Europeans out though. There are 300 million pretty industrious people there, and when placed on a wartime footing, it's incredible what can be achieved. I believe they recently built two liquefication plants in record time, whereas previously, it would take five years because of the need to obtain every permit underneath the sun. This shows that the market can respond, but we know there are limits to physics; it will take time.

What is our positioning in Europe? Importantly, we don't invest in Europe; we invest in companies. We need to acknowledge that there's a problem and then ascertain who has the solution and who could be the beneficiaries. In response, we know that natural gas will be in short supply in Europe for some time and businesses will try to substitute that and electrify processes where they can. Who's a beneficiary of that? Infineon, with their power semiconductors. When thinking about electric vehicles, other forms of high-voltage electrification, energy or electricity efficiency, a power semiconductor is involved. Energy and electricity is a giant industry, so even small changes in capital spending towards that can have an outsize effect. Infineon is a local company with a dominant position in the higher-voltage ranges – it's a great example of a high-quality European technology manufacturer, and it's trading at 13 times earnings today. Investors are concerned about the cyclical element of the business currently. However, looking to the future, Infineon is likely to be a key supplier into electric vehicles and electrification, and one would assume there are going to be some very strong spending tailwinds around those two areas. So, that's how we're trying to view it.

4 Source: International Energy Agency (IEA).

JM: It's mid-to-late June, and we continue to hold a low net invested position in the flagship global equity portfolio, but there is a lot to buy. What are we reflecting in that behaviour in our own exposure?

CS: It comes back to some of the guideposts that we can use and also to the start of our conversation – the repricing in markets, with most broad indices falling roughly 20% over the past six months. But let's put that into context, a 20% decline is a garden variety fall. If you look at a 90-year period in history, there will probably be 25 occasions where markets fell 20% or more. When you have a new and novel problem, and we've had three examples of that in the last 20 years, being the tech wreck, global financial crisis and global Covid shutdown, over those periods, markets fell roughly 40% on each occasion. So, that provides a band of where sentiment can take investors. This time, we have both inflation and a bubble popping. We never know how bad that will be for the market, but we do know it's unlikely to be a garden variety style of problem.

We can then compare that with other measures of sentiment, and that sense of apathy by investors needs to be considered - are they still excited to buy now after a 10-year or 15-year bull market? Or are they starting to disengage? We suspect that we're not quite there yet, and the best measure is when opportunities are completely plentiful.

I would say there are more opportunities than there were, but they are not mouth-watering yet as we still have this hangover from the very distorted Covid spending. You can point to some big falls in these hot areas, but given that the starting valuations were so wild, there is less opportunity than you might first think.

There are also still opportunities to short. There are some incredibly dubious companies running lossmaking business models that are completely reliant on capital market funding, and we think that funding will be much harder to come by over the next 12 months. On balance, while things are starting to get interesting, we're not quite ready to phase out the short book and cash entirely just yet, but we are ramping up our buying activity.

MSCI Regional Index Net Returns to 30.6.2022 (USD)

REGION	QUARTER	1 YEAR
All Country World	**-15.7%**	**-15.8%**
Developed Markets	**-16.2%**	**-14.3%**
Emerging Markets	**-11.4%**	**-25.3%**
United States	**-16.9%**	**-13.2%**
Europe	**-14.6%**	**-19.8%**
Germany	-18.1%	-31.2%
France	-14.8%	-18.3%
United Kingdom	-10.5%	-4.0%
Italy	-17.7%	-22.7%
Spain	-8.4%	-16.3%
Japan	**-14.6%**	**-19.9%**
Asia ex-Japan	**-9.0%**	**-25.0%**
China	3.4%	-31.8%
Hong Kong	-1.1%	-15.2%
Korea	-20.9%	-38.5%
India	-13.6%	-4.8%
Australia	-18.1%	-13.0%
Brazil	-24.4%	-23.3%

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 30.6.2022 (USD)

SECTOR	QUARTER	1 YEAR
Energy	-5.2%	21.4%
Consumer Staples	-6.2%	-4.6%
Utilities	-7.2%	3.2%
Health Care	-7.3%	-4.6%
Real Estate	-14.0%	-13.1%
Financials	-15.8%	-11.9%
Industrials	-16.2%	-18.7%
Communication Services	-18.2%	-29.8%
Materials	-19.8%	-16.1%
Consumer Discretionary	-20.2%	-28.9%
Information Technology	-21.7%	-20.5%

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.

The Paradox of Cycles

by Julian McCormack

Central to the perpetuation of stock market cycles are emotions: excitement, hope, avarice, perhaps some envy. These are ever-present in our makeup, so they alone cannot explain market cycles. Something needs to catalyse humans to act as a herd in markets. That something is certainty.

It is investors' certainty that they are in unprecedented times, armed with better information than ever and standing on the cusp of hitherto unseen technological wonders, which leads them into the paradox of cycles.

It is only when investors are certain they are not in a cycle, that truly wild cycles can emerge.

Readers will need little prompting to remember that we are witnessing the turning of one of the great cycles of market history at present, with stretched valuations and enormous market capitalisations imploding. At the same time, the ebbing tide of fiscal stimulus likely precipitates significant earnings falls for US companies. Remember though, it was only one year ago, in mid-2021, that investors were certain of the supremacy of US companies, of the benign nature of inflation and the remoteness of the possibility of cycle-killing monetary policy adjustments.

A recent example

I spoke at an investor forum for retail investors in mid-2021, where I was one of a panel of three speakers. The other two speakers spoke of wonderful technological disruptors, US listed, trading near their all-time share price highs. When prompted, they dismissed the likelihood of any serious inflationary cycle and denigrated concerns about valuation – the future was obviously bright for these tech titans. I chose to make a point by speaking about the absolute opposite of such tech wizards – a Chinese property developer. Since the forum, the obvious has happened – the lauded tech firms are down roughly 80%, while China Resources Land – a holding in our Asian and global funds – is up 15% and has paid us 4% in dividends.[1]

It is the certainty of investors that upstart tech firms are the future that allows them to bid the share prices to ridiculous levels. And it is the doubt and perplexity surrounding a name like China Resources Land that allows its price to appreciate even amid a property slowdown in China and implosion of equity markets globally.

1 Source: FactSet Research Systems, in local currency, annual return to 30 June 2022.

It was ever thus – the 1970 "tech wreck"

It is useful to refer to past cycles rather than simply assert that current events constitute a cycle that is ending badly. Helpfully, case studies from the past illustrate points that are obvious to readers decades after the events described. Unhelpfully, it is difficult to empathise with people paying high prices for the darlings of prior cycles… *of course,* they were silly to do so. We must try to remember that the excitement of prior cycles was not felt in black and white. It was as real and as vivid as any contemporary lust for profit.

In the 1960s, a series of emerging tech giants, IBM and EDS chief among them, had enormous growth runways ahead as they embarked on digitising all corporate and government information in existence. Every pay cheque, every Medicare bill, and every management memo would soon be recorded on a computer. What a story!

The 1960s saw a series of certainties entrench themselves. There was mild inflation in the system, and interest rates were low. Indeed, no investor had seen short-term rates above 4% since 1929, nor had inflation risen above 4% apart from brief spikes in the late 1940s.[2] Amid benign inflation, low rates for decades and a staggering growth story, a colossal growth stock bubble duly emerged.

IBM was the era's tech behemoth, but it had competition. In 1962, a star computer salesman at IBM, a young Texan by the name of Ross Perot, became fed up with a lack of advancement within the IBM machine and set out with a couple of colleagues to found a computing upstart with only US$1,000 in capital: Electronic Data Systems, or EDS. Times were lean for EDS in its early years until federal Medicare legislation was passed in 1965, and EDS won a contract to develop a computerised system for paying Medicare bills. EDS soon had contracts in 11 states and by 1968 had US$10 million in assets generating US$1.5 million in profits and a stupendous growth trajectory. The time was ripe for an initial public offering (IPO) for EDS, and a largely unknown Karl Langone won the deal by promising a valuation of over 100 times 1968 earnings. EDS listed at US$16.50 per share, at a price-earnings multiple of 118 times. This was just the start. By early 1970, EDS went on to trade at nearly ten times its offer price, at US$160 per share.[3]

However, the certainties of the 1960s had eroded. Inflation surged over the course of the decade, which prompted a response from the US Federal Reserve, driving up short-term rates from 1967 to early 1970 from 4% to 6% in the Fed Funds market, before racing higher to 9% in mid-1970. Despite robust earnings growth in many cases, computer share prices were crushed. EDS fell from a peak of US$162 to US$24 per share in May 1970. The average computer stock of the day fell 80%.[4]

How can this happen, repeatedly?

Again, we would point to certainty. Investors abandon scepticism. They *know* that inflation will remain benign, or will be transitory, or will be permitted by monetary officials. They *know* that fast growth deserves a colossal multiple, or that multiples don't matter, or that a multiple of sales is appropriate to "value" a stock.

This certainty is seductive… and fatal for returns for those who believe unto the end.

2 Source: Ray Dalio, ***Principles for Navigating Big Debt Crises***: https://www.bridgewater.com/big-debt-crises/principles-for-navigating-big-debt-crises-by-ray-dalio.pdf

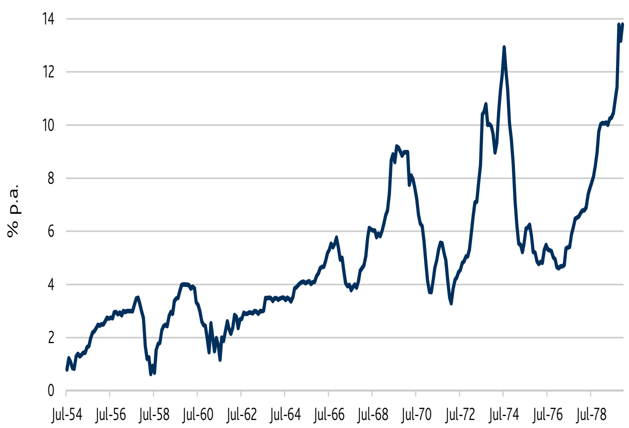
3 See John Brooks, *The Go-Go Years; The Drama and Crashing Finale of Wall Street's Bullish 60s*, Alworth Press, 1973, pp14-24

4 Source: https://www.nasdaq.com/articles/back-earth-day-tech-stock-crash-1970-2010-04-23-0

Fig. 1: US CPI, 1950-1979

Source: Federal Reserve Bank of St. Louis.

Fig. 2: Fed Funds Rate, 1954-1979



Source: Federal Reserve Bank of St. Louis.

Platinum International Fund

Andrew Clifford
Portfolio Manager

Clay Smolinski
Portfolio Manager

Nik Dvornak
Portfolio Manager

Performance

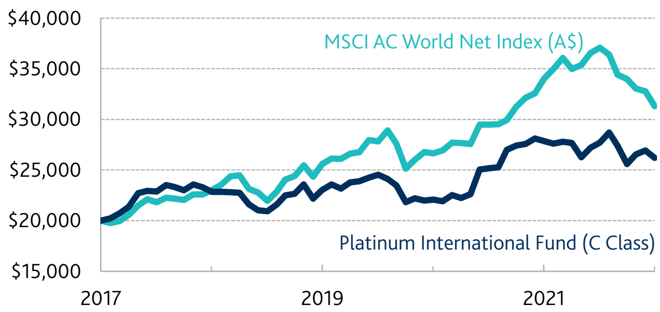
(compound p.a.$^+$, to 30 June 2022)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Fund*	2%	-6%	4%	6%	11%
MSCI AC World Index^	-8%	-8%	7%	9%	7%

$^+$ Excluding quarterly returns.
* C Class – standard fee option. Inception date: 30 April 1995.
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 40. Numerical figures have been subject to rounding.

Value of $20,000 Invested Over Five Years

30 June 2017 to 30 June 2022



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 40.

The Fund (C Class) returned 2.5% for the quarter, well ahead of the market's 7.9% decline.[1]

The key factor driving markets was the decision by the US Federal Reserve (Fed) to sharply increase interest rates from 0.5% to 1.75% over the course of the quarter in response to the accelerating rate of inflation. This resulted in a significant setback for the popular growth stocks that have led the bull market over the last three years. Notably, the US market was the weakest of the developed markets over the period (-17% in local currency terms), reflecting its heavy weighting to such companies. Asia (-6%), particularly China (+5%), was the notable outperformer for the quarter.[2]

Our short positions were the strongest contributor to the Fund's performance, adding 7% to returns. On the long side, many of our Chinese investments provided a positive return, a good outcome given market circumstances. Online travel agent **Trip.com** (+19% over the quarter), parcel delivery giant **ZTO Express** (+10%) and property developer **China Overseas Land & Investment** (+6%) were key contributors to performance. Contributors outside of China included energy companies **Saras** (+99%) and **Suncor Energy** (+11%), global insurance player **Beazley** (+19%) and Japanese bathroom fixtures manufacturer **Lixil** (+11%).

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

2 MSCI USA Index, MSCI Asia ex Japan Index and MSCI China Index, respectively, in local currency. Source: MSCI.

Detractors from performance included **Allfunds** (European fund platform, -30%) and **St. James's Place** (UK wealth management, -24%). Both businesses have revenue streams based on assets under management, and as such, falling stock markets reduce short-term earnings. **MinbeaMitsumi** (industrial and electronic components, -14%) and **Microchip Technology** (semiconductors, -23%) saw share price declines due to concerns around slowing global growth prospects.

Changes to the Portfolio

The Fund's net invested position was reduced from 62% to 56% over the quarter. The make-up of that position changed substantially, with short positions reduced from 28% to 20%, and cash increased from 10% to 24%. This cautious positioning continues to reflect our concerns regarding the impact of rising interest rates on what has been a very speculative stock market.

The reduction in the short positions simply reflects that many positions were closed for significant gains. Indeed, the closure of short positions was greater than it appears, as a number of new short opportunities were identified and added during the period.

The increase in cash reflects both the banking of profits on shorts and the trimming of existing long positions that had performed well. These included **Mosaic** (fertilisers), **China Overseas Land & Investment** (Chinese residential property developer) and **Glencore** (mining, commodities trading).

We have been relatively cautious about putting funds to work in this environment, as we expect the market to provide a range of new opportunities in the months ahead. Having said that, we did add to existing positions in **JD.com**, **Allfunds** and **Infineon Technologies** (German semiconductor manufacturer).

Disposition of Assets

REGION	30 JUN 2022	31 MAR 2022	30 JUN 2021
Asia	24%	25%	25%
Europe	23%	24%	20%
North America	16%	21%	23%
Japan	8%	13%	12%
Australia	3%	5%	3%
Other	2%	3%	1%
Cash	24%	10%	15%
Shorts	-20%	-28%	-6%

See note 3, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	30 JUN 2022	31 MAR 2022	30 JUN 2021
Industrials	15%	18%	20%
Financials	12%	13%	16%
Materials	11%	16%	16%
Consumer Discretionary	8%	7%	8%
Information Technology	5%	6%	11%
Energy	4%	4%	0%
Health Care	3%	5%	6%
Real Estate	3%	3%	3%
Communication Services	2%	4%	1%
Consumer Staples	0%	1%	-1%
Other	-8%	-16%	-2%
TOTAL NET EXPOSURE	56%	62%	79%

See note 4, page 40. Numerical figures have been subject to rounding.
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 https://www.platinum.com.au/our-products/pif.

Commentary

The focus of markets over the last quarter has returned to inflation and interest rates. While there is much debate around how many interest rate rises will be needed to suppress inflationary pressures and whether this pushes economies into recession, this misses the critical point for investors. The mechanism that created inflation is precisely the same one that created the extraordinary speculative bubble in stock prices. As discussed over the last two years in our reports, that mechanism was the rapid growth in money supply that resulted from the funding of government spending that occurred throughout 2020 and 2021 in response to the COVID-19 pandemic. As has been experienced in the past, this excessive growth in money supply found its way into rising asset prices over the course of the next two years.

Now, as government spending has receded over the last 12 months, money supply growth has fallen. In the US, M2 growth, having peaked at an annual rate of around 25% in 2020, then falling back to mid-teen levels during 2021, is now running at only 6%.[3] In addition, interest rate rises will further suppress any potential bounce in money growth by discouraging private sector borrowing. Not only can one expect inflation to recede over the course of the next two years, but asset prices will also come under pressure. Additionally, we have the Fed starting to unwind its quantitative easing (QE) policy of the last decade. While QE had little discernible impact on the consumer price index (CPI) over the last decade, it almost certainly resulted in lower long-term interest rates. In doing so, it created a strong tailwind for not only stock markets but across a range of asset prices, including property, infrastructure and private equity.

Of course, this is already apparent with stock markets falling this year, particularly in the more speculative end of the market. The question is how much further is there to go. Many commentators will observe that valuations already look far more reasonable, particularly for many of the large market cap favourites of recent years, such as the FANGs and Microsoft. While certainly, this is the case, we would debate whether they are at attractive levels. More importantly, though, once monetary conditions change and bear markets take hold, what becomes more significant are the real-world effects on company earnings.

3 Source: Federal Reserve Bank of St. Louis. M2 includes cash, checking deposits, and easily-convertible near money.

We can already see that funding has dried up for start-ups and private companies, particularly in high-growth technology and e-commerce sectors. One can observe high-profile venture capital firms directing their investee companies to conserve cash and move toward profitability. Similarly, companies that have already listed and seen their stock price collapse will likely struggle to raise additional funds and will be under similar pressures to achieve profitability. Cost-cutting measures will see fewer software engineers writing code, cuts to advertising and promotional expenditures, and smaller sales teams. This will impact the sales and profits of a range of providers of software tools, cloud services and digital advertising. Additionally, the companies making the cuts will see their own growth rates slow, further impacting the price investors are willing to pay for their shares. Similar dynamics will play out across the broader economy, not just the technology sector, with impacts on profits across the board. Weakening profits will likely drive the next leg down in share prices.

At some point, we will see inflation subside and the central banks reverse their course on interest rates. The unanswered question is where will interest rates settle beyond this inflationary spike. We think it is unlikely they will return to near-zero levels, as investors, having suffered the inflationary consequences of very low rates, are likely to demand a positive real return on their funds. This means that even if inflation returns to pre-Covid levels of approximately 2%, interest rates of at least 2% to 3% should be expected. This would mean the strong tailwind of falling interest rates that have helped drive asset prices over the last decade will no longer be present. In this new environment, what has worked well for investors over the last 10 years, is unlikely to work in the years ahead.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
ZTO Express Cayman Inc	China	Industrials	3.5%
Glencore PLC	Australia	Materials	2.9%
Ping An Insurance Group	China	Financials	2.8%
Microchip Technology Inc	US	Info Technology	2.6%
MinebeaMitsumi Co Ltd	Japan	Industrials	2.4%
UPM-Kymmene OYJ	Finland	Materials	2.3%
Trip.com Group Ltd	China	Cons Discretionary	2.2%
Shell PLC	Netherlands	Energy	2.0%
Beazley PLC	UK	Financials	2.0%
Samsung Electronics Co	South Korea	Info Technology	1.9%

As at 30 June 2022. See note 5, page 40.
Source: Platinum Investment Management Limited.

Outlook

The backdrop of rising interest rates points to a difficult environment for stock market investors. However, despite the headwinds of rising rates, there are parts of the market that are attractively priced and offer the prospect of good returns in the medium term, as outlined below.

- **Assets that have been priced in a completely different economic and interest rate environment.** China is the most significant opportunity in this set. Today, as a result of the collapse in residential property sales last year, the country has experienced its most significant economic slowdown since the opening of its economy in the 1980s. This slowdown has been exacerbated in recent months by the Covid-19 lockdowns in Shanghai and other major cities. However, prior to this slowdown, policymakers' intent to deleverage the economy in recent years has meant that there has been little in the way of monetary or fiscal measures to support the economy. Not only does this give the government leeway to now stimulate the economy as it moves beyond the Covid-19 lockdowns, but it also means that Chinese assets have been priced in a much less-supportive environment than in developed markets. Additionally, geopolitical concerns have weighed further on Chinese share prices. Today, investors can acquire a wide range of high-quality Chinese assets at very attractive valuations.
- **Businesses that have been harmed by low interest rates.** Most notably here are banks, particularly those that have strong deposit franchises. Before the era of low rates, these banks were very profitable as their branch networks provided a low-cost source of funding for their business. However, when interest rates approach zero, this advantage is lost. Rising rates should boost the profitability of such banks, particularly in Europe, where many banks are trading at heavily discounted valuations.
- **Businesses that are yet to fully recover from the pandemic.** Travel-related businesses remain in the early stages of recovering from the travel restrictions of the last two years. Many have forgotten that travel has been a long-term secular growth story. We expect there will be a long period of "catch up" in leisure travel and a steady recovery in business travel, even in a subdued economic environment. The auto market has also been suppressed due to supply-chain issues throughout the pandemic. Once these are resolved, the sector should see a period of strong demand, buoyed by a combination of replacement demand and the move to electric vehicles.
- **Other sectors that have been and remain deeply out of favour with investors.** We have frequently noted that in recent years, investors' risk aversion has led them to avoid businesses that display any degree of variability or cyclicality in their earnings. While these companies may not have the steady and reliable earnings streams that investors crave, they nevertheless can grow from one cycle to the next while displaying highly desirable characteristics, such as high returns on capital. We would include industrial and electronic components suppliers such as MinebeaMitsumi and Microchip Technology in this category. Again, with the setback in markets, many of these companies are trading at highly attractive valuations, even in a weakening economic environment.

The months ahead are likely to remain volatile as markets transition away from the near-zero interest rate environment. The Fund is positioned for this environment with its investments predominantly comprising profitable businesses trading at attractive valuations. Short positions continue to be held in the popular growth stocks and market indices to reduce the Fund's exposure to further market declines. Ample cash reserves will allow the Fund to take advantage of new opportunities as they arise.

Platinum Global Fund (Long Only)

Clay Smolinski
Portfolio Manager

Performance

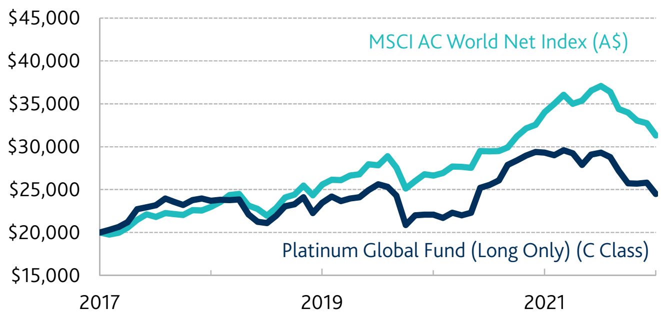
(compound p.a.+, to 30 June 2022)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Global Fund (Long Only)*	-5%	-16%	1%	4%	9%
MSCI AC World Index^	-8%	-8%	7%	9%	7%

+ 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 40. Numerical figures have been subject to rounding.

Value of $20,000 Invested Over Five Years

30 June 2017 to 30 June 2022



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 40.

The Fund (C Class) returned -4.9% over the quarter and -16.5% for the year.[1]

Over the past three months, the trend in global markets has been down. The US has led this decline, falling 17% in local currency terms, followed by South Korea (-15%), Australia (-11%) and Europe (-10%). The only market to buck this trend was China, which rose 5%, amongst more evidence the Chinese market is bottoming.[2]

Similar to the market, the sell-down in the Fund's holdings was fairly broad-based, with our Chinese stocks generally rising.

Detractors included a number of our semiconductor holdings (**Microchip Technology** -23%, **Ciena** -25%, **Samsung Electronics** -18%), travel (**InterGlobe Aviation** -20%, **MTU Aero Engines** -18%), and some of our commodity exposures including fertilisers (**Mosaic** -29%) and pulp (**Suzano** -18%).

As mentioned, the clear cluster of positive contributors was our Chinese holdings, with seven out of our 11 Chinese positions rising over the quarter. The standout amongst these was orthopaedic device manufacturer **AK Medical** (+26%), followed by Chinese online travel agent **Trip.com** (+19%) and parcel delivery giant **ZTO Express** (+10%). Outside of China, strength was seen in Canadian energy company **Suncor Energy** (+11%), global insurance player **Beazley** (+19%) and Japanese bathroom fixtures manufacturer **Lixil** (+11%).

The major change to the portfolio was significantly raising our cash position in the first week of April in light of our growing caution on markets. In the same vein, we exited our positions in **Alphabet** and **Showa Denko** and heavily reduced our holding in **Micron Technology** on concerns for its business outlook. We also sold out of **China Overseas Land & Investment** as it climbed past our price target.

In terms of additions, we added to **Tencent** and **AK Medical** in China and **Wizz Air**, **Intesa Sanpaolo** and **Infineon Technologies** (new) in Europe.

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.

2 MSCI USA Index, MSCI Korea Index, MSCI Australia Index, MSCI Europe Index and MSCI China Index, respectively, in local currency. Source: MSCI.

Portfolio Positioning

We are currently in a bear market, with investor sentiment around the likely pathway of inflation, interest rates and the potential for a recession the dominant factors driving stock prices. The lynchpin of this sentiment is inflation. Over the past two years, the consensus investor (and central bank) viewpoint on inflation has evolved from the West is now like Japan and we will never get inflation again, to inflation is high but transitory, to now inflation is a serious problem, and we face a very real risk of a cost-push spiral.

Central banks and governments around the world now agree they have overstepped the line with the degree of money creation and fiscal stimulus injected into the economy and are trying to tame the inflation they created. The mechanism to do this, is of course, higher interest rates, which will withdraw money from the system and lower aggregate demand for goods and services. In this regard, we are now moving to the 'demand destruction' phase of the cycle, with the rate hikes likely to produce a recession and higher unemployment. It goes without saying that an environment of rapid money creation was very supportive for asset prices, whereas this next phase of money and demand destruction will have the opposite effect. (For a more detailed explanation please see our Macro Overview.)

Before discussing how the portfolio is positioned, we must point out that the one major economy that is in a different position to what is described above, is China. The Chinese economy is already in a deep recession, and the country is also dealing with Covid shutdowns. Importantly, through this whole process, the Chinese government has chosen NOT to stimulate. In response to these challenges, the Hang Seng China Enterprises Index (HSCEI) fell 40% from its high in February 2021.

However, the situation is now turning. The government has signalled the end of its regulatory crackdown (indeed, the tech companies are now seen as a positive source of investment and future job growth). It is taking a much more pro-economy, pro-jobs stance while signalling a willingness to stimulate. These signs add to our confidence that the Chinese market is bottoming, and the proof is in the price action with Chinese stocks now rising.

With this backdrop, we can now look at some of the broad positioning of the portfolio.

- **Cash (22%):** Our large cash holding is both a reflection of caution around asset prices and an observation that many traditional defensive sectors are still highly priced, having not adjusted to the higher interest rate environment. Hence, part of our cash balance is in lieu of holding these defensives.

Disposition of Assets

REGION	30 JUN 2022	31 MAR 2022	30 JUN 2021
Asia	25%	27%	27%
Europe	23%	26%	22%
North America	19%	26%	26%
Japan	6%	10%	10%
Australia	3%	4%	3%
Other	1%	1%	1%
Cash	22%	5%	11%

See note 3, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	30 JUN 2022	31 MAR 2022	30 JUN 2021
Industrials	21%	21%	23%
Materials	13%	18%	18%
Information Technology	12%	15%	13%
Financials	11%	14%	19%
Consumer Discretionary	5%	6%	5%
Energy	5%	5%	0%
Communication Services	5%	7%	3%
Health Care	3%	2%	5%
Real Estate	2%	4%	3%
Consumer Staples	1%	2%	0%
TOTAL NET EXPOSURE	78%	95%	89%

See note 4, page 40. 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	4.4%
ZTO Express Cayman Inc	China	Industrials	4.2%
Weichai Power Co Ltd	China	Industrials	3.4%
UPM-Kymmene OYJ	Finland	Materials	3.3%
Glencore PLC	Australia	Materials	3.3%
MinebeaMitsumi Co Ltd	Japan	Industrials	3.0%
Applus Services SA	Spain	Industrials	2.9%
Tencent Holdings Ltd	China	Comm Services	2.9%
Samsung Electronics Co	South Korea	Info Technology	2.8%
AK Medical Holdings Ltd	China	Health Care	2.7%

As at 30 June 2022. See note 5, page 40.
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

- **Commodities (15%):** The Fund's commodity exposure is heavily weighted towards energy (oil/gas/coal) but also includes fertiliser and pulp. An expectation of demand destruction and owning commodities don't usually go hand in hand, but the removal of Russian supply from Western buyers, combined with the seven-year capex recession the oil and gas industry has gone through, represents a unique situation. The replacement of Russian gas, Belarusian potash etc., will not be fast, easy or cheap, and there is a sound case for prices to remain relatively high. Our holdings such as Shell, Suncor, Glencore and Mosaic are trading at roughly 5x free cash flow.
- **Travel (9%):** An industry where end demand can be much better than expected is travel. Post Covid there is significant pent-up demand for travel, both from consumers and businesses. While many travel stocks have sold off on the expectation of a recession, indicators such as hotel room rates and luggage sales suggest no let-up in demand. Our holdings here are spread across online travel agents (Trip.com, Booking Holdings), airlines (InterGlobe Aviation, Wizz Air) and aerospace (MTU Aero Engines).
- **Semiconductors (9%):** Semiconductors have been a major investment theme for the Fund, with close to 20% being held in the sector at different points of the cycle. After strong price moves, we have reduced our investment in the sector and concentrated our holdings in companies that serve more industrial applications. An example of this is Infineon Technologies, a leader in power semiconductors, which is a large beneficiary of the adoption of electric vehicles and the global push to further electrify. Our industrial semiconductor holdings such as Microchip Technology and Infineon trade on 11x and 13x earnings, respectively.
- **Chinese consumption (9%):** This includes our holdings in Tencent (gaming and internet advertising), ZTO Express (e-commerce parcels) and AK Medical (orthopaedic joints). While very different businesses, the common thread between these companies is that they should all see their end markets expand considerably with the broadening out of the Chinese middle class. As mentioned above, with the Chinese economy and stock market in a different phase to the West, we have been increasing our exposure here.
- **Services (7%):** This includes companies such as Intercontinental Exchange (ICE), Allfunds and Meta Platforms. These companies all have pristine financials, generate considerable free cash flow, and a stock-specific growth angle, such as ICE's move to build an end-to-end mortgage origination and servicing software ecosystem.

The end-market exposure of the remainder of the portfolio is spread across clean energy/energy efficiency (LG Chem and Longshine Technology), growth industrials (MinebeaMitsumi) and financial services (Beazley and Intesa Sanpaolo).

As we mentioned at the outset, with sentiment around macro factors currently dominating stock price moves, it is difficult to predict what the price level of stocks will be in the next six months. However, we can take comfort that the overall valuations across the portfolio are attractive (the aggregate price-to-earnings ratio of the portfolio is roughly 10x) and at levels we would expect to provide good returns over the medium term.

Outlook

An integral part of our investment philosophy is that investor sentiment and emotions have a large impact on stock prices. During a period of falling markets/recessions, the role of emotions is magnified.

Currently, most global stock markets have fallen around 20% from their January highs. In a historical context, a 20% fall is relatively common and typically happens when there is a peripheral problem (such as the 1998 Long-Term Capital Management crisis or the 2018 trade war). When investors are faced with a large and unfamiliar problem, and we have had three such occasions over the past 20 years (tech bubble collapse, global financial crisis and the global Covid shutdown) each time, markets have fallen roughly 40%. There is nothing predictive about this band other than a marker of where emotion can drive prices to.

Today, we have the combination of a stock market bubble breaking, the fall away of the 'stay-at-home' spending distortion and an inflation issue in the West that was last felt 35 years ago. We are not sure how bad it will get, but it does feel like it will be more than a garden variety problem. In this regard, we would not be surprised if markets fall further into that 20-40% band.

The other side of this it to remember the incredible buying opportunities and wealth that can be made in these market environments. From our direct experience of many market downturns, our preferred method to both protect capital and take advantage of opportunities is to hold cash, rotate into sectors that are already pricing in a bleak future, and keep focusing on deploying cash into the areas that we believe will be the sources of growth and incremental investment over the next five years.

As we mentioned last quarter, some of the promising areas we are devoting time to, involve energy security and transition, the global push to electrify and automate, and biotech.

Platinum Asia Fund

Andrew Clifford
Portfolio Manager

Cameron Robertson
Portfolio Manager

Performance

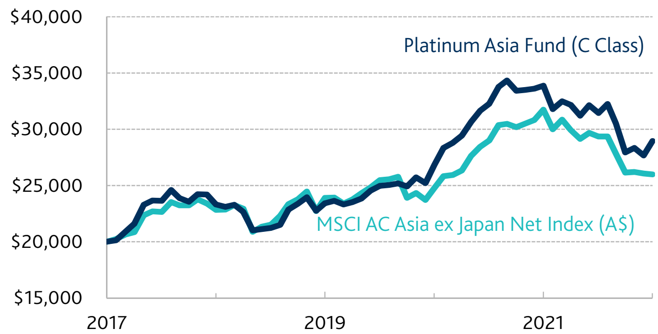
(compound p.a.+, to 30 June 2022)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Asia Fund*	4%	-15%	7%	8%	13%
MSCI AC Asia ex Jp Index^	-1%	-18%	3%	5%	9%

+ Excludes quarterly returns
* C Class – standard fee option. Inception date: 4 March 2003.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI All Country Asia ex Japan 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 40. Numerical figures have been subject to rounding.

Value of $20,000 Invested Over Five Years

30 June 2017 to 30 June 2022



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 40.

The Fund (C Class) returned 3.7% for the quarter and -14.5% for the year.[1]

This quarter was somewhat the reverse of what we had seen recently, with Chinese assets generally performing reasonably well while most other markets across the region were weak. In China, the market responded to an economy that was starting to show signs of improvement as the latest wave of Covid lockdowns eased, while the government increasingly turned its attention to stimulating the economy. Meanwhile, in most other countries across the region, the impact of the broader global slowdown and withdrawal of global liquidity dragged on asset prices.

Many of our slightly faster-growing, more-innovative companies across China saw their shares perform well, including companies such as prosthetic joint manufacturer **AK Medical** (+26% over the quarter), online grocery delivery company **Dingdong** (+56%), robotics manufacturer **Estun Automation** (+22%), e-commerce platform **JD.com** (+8%) and computer game and office software maker **Kingsoft** (+20%).

Having moved past the latest round of relatively harsh Covid-induced lockdowns in China, there was also a renewed sense of optimism in the market around the reopening of travel and in-store retail, as people took heart from government actions like the reduction in quarantine requirements. This change in sentiment benefited portfolio holdings such as hotel chain **H World Group** (formerly known as Huazhu, +15%), travel website operator **Trip.com** (+19%) and fast-food chain **Yum China** (+10%).

The Indonesian market, while volatile through the quarter, also largely managed to hold its ground. Some of our investments exposed to that market benefited, including investment holding company **Jardine Cycle & Carriage** (+13%) and paints company **Avia Avian** (+4%).

Finally, in India, our holding in **Maruti Suzuki** (+12%) performed well on the back of news around much-anticipated SUV model launches.

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

The biggest detractors from performance for the quarter were our semiconductor holdings **Samsung Electronics** (-18%), **SK Hynix** (-23%) and **Taiwan Semiconductor Manufacturing** (-20%), which all declined as the global economic environment weakened and fears rose around the shorter-term outlook for major end markets like smartphones, laptops and PCs. Filipino property developer **Ayala Land** (-27%) also declined, likely largely in response to the rising interest rate environment but potentially also reflecting some hesitancy towards the country from global investors, given the recent election result. The final detractor worth highlighting is our holding in Indian airline **InterGlobe Aviation** (-20%), whose share price fell primarily in response to higher oil prices, as well as potentially some concerns around the capacity discipline of the industry as competitors placed orders for new aircraft.

Our index and stock-specific short positions all made modest positive contributions to performance during the quarter.

Similar to last quarter, we maintained a currency exposure largely in line with our underlying assets. As such, the performance of the Fund benefited from a weakening Australian dollar, which was weighed down by global growth fears.

Changes to the Portfolio

Given the relatively more stable market backdrop in Asia this quarter, portfolio turnover returned to more normal levels as we continued our 'business as usual' process of refining and tweaking the portfolio positioning. It's also worth noting that our index short positions on the South Korean and Indian markets were closed, booking modest profits.

We exited the last of our position in strain wave gear manufacturer **Leader Harmonious Drive** during the quarter. We were increasingly coming across signs of potential for rising competitive intensity in the industry, both from the Japanese market leader keen to win back share and from new Chinese entrants who hoped to carve out positions for themselves. Some industry participants spoke bluntly about a desire to encourage or pursue price-based competition in an effort to shift market share. Leader Harmonious Drive remains a company we have been impressed by, and we will continue to monitor the industry dynamics, but for the moment, it seems prudent to watch from the sidelines.

Our holdings in Chinese property developers **China Vanke** and **China Overseas Land & Investment** were also reduced during the quarter. These stocks held up well over recent months, providing an opportunity to redeploy some of that capital into more prospective areas. While the Chinese property market is not completely out of the woods yet, the government has been making significant efforts to stabilise and re-start activity in the sector through relaxation of policy measures, leading to improved market sentiment towards our holdings, as well as signs of tangible improvements in underlying sector activity and transactions starting to show through in the month of June.

Early in the quarter, we also modestly reduced our holdings in semiconductor companies **Samsung Electronics** and **Taiwan Semiconductor Manufacturing**. Our investment thesis around both these companies is focused on attractive supply-side industry dynamics, which we believe remain intact; however, with poor smartphone, laptop and PC sales, end demand is feeling more vulnerable, with enterprise and cloud markets the remaining primary areas of strength. We

Disposition of Assets

REGION	30 JUN 2022	31 MAR 2022	30 JUN 2021
China	48%	44%	43%
India	9%	10%	7%
South Korea	8%	10%	10%
Vietnam	6%	6%	4%
Taiwan	5%	6%	5%
Hong Kong	4%	4%	7%
Philippines	2%	2%	1%
Macao	2%	1%	1%
Singapore	1%	1%	1%
Thailand	0%	0%	1%
Cash	14%	14%	18%
Shorts	-1%	-6%	-9%

See note 3, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	30 JUN 2022	31 MAR 2022	30 JUN 2021
Consumer Discretionary	20%	18%	19%
Information Technology	14%	15%	17%
Real Estate	13%	13%	9%
Industrials	12%	12%	12%
Financials	10%	10%	13%
Communication Services	4%	4%	2%
Other	4%	0%	-6%
Consumer Staples	4%	3%	2%
Materials	3%	3%	3%
Health Care	1%	1%	1%
TOTAL NET EXPOSURE	85%	80%	72%

See note 4, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

retain meaningful positions in both companies and still believe they are well positioned, but given how well their shares had held up in the face of deteriorating global demand, they were no longer quite the outstanding relative value they had previously been.

In India, we trimmed our holding in **Maruti Suzuki**, as the market welcomed news around their SUV model launches with great enthusiasm, sending the share price to levels we felt no longer presented such compelling value.

As you may have heard us discuss previously, we believe there remains a significant opportunity to invest in emerging leaders and interesting smaller businesses across the region that may be off the radar of most global investors. One new holding we introduced during the quarter is a dominant manufacturer and distributor of water and air purifiers, holding more than 50% market share in their home market and growing rapidly into other countries across Asia. The company earns strong returns on capital, bears only a modest debt load, and yet we were able to purchase shares in this company for just ten times their prior years' earnings, while the company's earnings are expected to continue to deliver healthy growth.

Another new name we added to the portfolio is the recently listed leader in the Chinese public cloud call centre software market, **TI Cloud**. Unlike many of their global peers in the cloud software space, TI Cloud has well and truly proven their ability to generate healthy profit margins while growing. Their customer list is a "who's who" of corporates across China, including the likes of car manufacturers BMW and Toyota, ICBC bank, insurance provider PICC, and tech leaders like Alibaba, ByteDance and JD.com. We are investing alongside the founder, who still runs the business, and we are paying just a fraction of the price that comparable businesses in Western markets command. We believe we've been given this opportunity as their headline revenue growth has slowed over the past couple of years, deterring many investors. However, the slowdown in sales appears to have been driven by external factors that impacted their customer base and will not be repeated, so our expectation is that the company's headline growth rate should improve once again. As the leader in a fragmented and consolidating market, with three-quarters of their target customer base yet to migrate to the public cloud and certain parts of the portfolio showing relatively explosive growth, we are excited about the prospects for TI Cloud over the coming years.

We also took the opportunity to continue adding to positions in Indonesian paints company **Avia Avian**, Filipino property developer **Ayala Land** and Chinese grocery delivery company **Dingdong**. During the quarter, it was encouraging to see Dingdong making meaningful continued progress towards proving out their business model, with sizeable improvements in things like average order size, gross margins, and various measures of operational efficiency. It will be particularly interesting to see how the company has fared throughout and following the Covid-induced lockdowns across some of their core markets, as there are signs this may have encouraged a large number of new customers to try out their offering. The scepticism around Dingdong's business model is such that if they can demonstrate even a moderate degree of continued operational success, we believe it could result in a substantial re-evaluation of their shares by many market participants.

During the quarter, we also modestly added to our position in parcel delivery company **ZTO Express**. Through the first half of the year, results and feedback across the sector have been painting a consistent picture of increasingly favourable dynamics. The industry has long benefited from rapid e-commerce-driven volume growth, but this historically attracted a steady stream of competition with seemingly endless amounts of money being thrown at players trying to carve out a position. More recently, however, some less-efficient players have finally reached their limits, unable to achieve a competitive cost structure. The regulator has also become increasingly vocal about the negative impacts of such severe price competition and the corresponding downstream effects of this on worker safety and pay, demanding companies resolve these issues. These factors led to rationalisation in the competitive environment, and we have seen pricing and profits improve dramatically. There remains a degree of caution in the market about whether these newly improved conditions are here to stay or simply a temporary reprieve. We believe this could be the start of a new, more stable phase of relative maturity for the industry, with the enormous scale and corresponding efficiency of the dominant players now essentially beyond dispute. Should these conditions hold, we have high hopes for our position in ZTO.

Commentary

The market environment within and outside of China has been consistently moving to the beat of different drums. For most markets across the region, ex-China, the focus tended to be on inflation, interest rates, and the impact these factors were having on global demand. Interestingly, by some measures, many of these countries actually experienced slightly more muted inflationary impulses than what certain developed countries have experienced. Central banks across the region have tended to be more on the front foot, maintaining positive real yields. Nevertheless, many countries responded with protectionist measures in an effort to try and cushion their own population from some of the price swings. For example, Indonesia severely restricted palm oil exports, India imposed duties on steel exports, and China put export controls on petroleum products. There are concerns that rising rates may dent demand, slow the global economic environment, and raise the cost of capital, while the spectre of quantitative tightening hangs over global capital markets, sapping some enthusiasm out of asset prices.

Across the region, **Indonesia** has been perceived as the 'winner of the moment', given its import/export mix. As such, many investors scrambled to buy Indonesian assets. Meanwhile, markets considered more sensitive to global economic conditions, like **South Korea**, have been shunned.

The **Philippines** also perhaps deserves mention for the resounding win the electorate handed to new President Marcos Jr. Some observers point out that the election may have suffered from significant amounts of misinformation spread through online channels. There are also reservations held by those international observers who remember his father's rule in a different light to how the newly elected President portrayed it throughout the campaign. The new government's actions will likely be scrutinised closely as people try to ascertain the similarities and differences of approach from those of years past. This may have also contributed to weakness in that market.

Meanwhile, **China's** markets and economy have been moving fairly independently of other markets. The domestic economy was already weak and had been slowing for a while, with labour slack in the system and not having had any real stimulus or quantitative easing over recent years in response to Covid. This setup is in stark contrast to the starting point for most developed markets. As such, after Covid lockdowns started easing in late May, the Chinese government began forcefully trying to re-invigorate the economy and stimulate activity. Hence Chinese markets, coming from low valuation levels, actually rose reasonably meaningfully throughout June, despite global headwinds.

Outlook

As always, it is near impossible to opine with any confidence about the future direction of broad markets. That said, for the moment at least, in many markets, inflation and interest rate rises appear set to remain for a little longer yet, and that's likely a challenging setup for global markets. Fortunately, it appears most countries across the Asian region are a little ahead of the curve compared to developed markets and so may fare better. Valuations obviously vary across the region by market, sector and company but largely remain reasonable, which portends well for our ability to continue finding attractive investment opportunities. Also, as discussed above, the setup in the Chinese market is somewhat different from elsewhere, and this may actually prove to be a more stable foundation for positive market performance, although only time will tell.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Taiwan Semiconductor	Taiwan	Info Technology	4.7%
ZTO Express Cayman Inc	China	Industrials	4.3%
Tencent Holdings Ltd	China	Comm Services	4.1%
Vietnam Ent Investments	Vietnam	Other	4.1%
Ping An Insurance Group	China	Financials	4.0%
Samsung Electronics Co	South Korea	Info Technology	3.8%
Alibaba Group Holding	China	Cons Discretionary	3.5%
InterGlobe Aviation Ltd	India	Industrials	3.5%
China Resources Land Ltd	China	Real Estate	3.3%
Trip.com Group Ltd	China	Cons Discretionary	2.8%

As at 30 June 2022. See note 5, page 40.
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 https://www.platinum.com.au/our-products/paf.

Platinum European Fund

Adrian Cotiga
Portfolio Manager

Nik Dvornak
Portfolio Manager

Performance

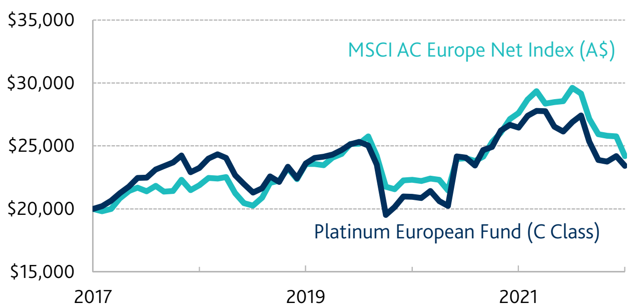
(compound p.a.+, to 30 June 2022)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum European Fund*	-2%	-11%	0%	3%	10%
MSCI AC Europe Index^	-7%	-12%	1%	4%	3%

+ Excludes quarterly returns.
* C Class – standard fee option. Inception date: 30 June 1998.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI All Country Europe 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 40. Numerical figures have been subject to rounding.

Value of $20,000 Invested Over Five Years

30 June 2017 to 30 June 2022



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 40.

The Fund (C Class) returned -1.9% for the quarter and -11.5% for the year.[1]

The economic situation in Europe is deteriorating. Most worryingly, consumer price inflation accelerated to 8.1% per annum in May. This compares to a rate of under 2% a year ago.[2]

A silver lining is that underlying or 'core' inflation (excluding food, energy, alcohol and tobacco) is lower in Europe (3.8%) than in the United States (6.0%). The implication is that this affords the European Central Bank the ability to tighten monetary conditions with less urgency and aggression than the US Federal Reserve. This will see less pressure applied to asset owners and large borrowers, namely governments.

However, one key reason that core inflation is lower in Europe is that wage growth is running at a comparatively pedestrian 2.7% per annum. While this may spare the region from more aggressive rate hikes, it puts ordinary households under significant stress as their purchasing power erodes. Indeed, real household incomes are currently falling 5.4% per annum. Unsurprisingly, consumer sentiment has plummeted to levels only previously observed during times of crisis.

For now, the unemployment rate remains low, by European standards, at 6.8%. This should be supported in the near term by business sentiment, which remains comparatively buoyant despite having pulled back from recent highs. However, these data are backward-looking. It is unrealistic to expect this situation to persist with a strained household sector, the war in Ukraine, ongoing supply-chain disruptions, rolling lockdowns in China, rising interest rates and potential energy shortages.

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

2 All economic data is sourced from https://tradingeconomics.com/

Against this backdrop, the relatively resilient performance of European equity markets - at least up until early June - has been remarkable. We took the decision in late March to position the portfolio much more defensively. Our net invested position was reduced from 73% to as low as 50% during the quarter, achieved through a combination of individual stock shorts, index shorts and holding cash. This defensive positioning made a strong positive contribution to our performance.

The best-performing sectors in Europe over the last three months were Energy, Consumer Staples, Utilities and Pharmaceuticals. The Fund has very little exposure to these sectors, which significantly hurt our relative performance.

Within the Fund, our best-performing stock was Sardinian oil refiner **Saras** (+99%). Saras is benefiting from skyrocketing refining margins. The elevated margins reflect an underlying erosion of supply conditions, including economic sanctions on Russia, lower refining activity in China, refinery closures in many markets, and extended supply chains as traders struggle to redirect products with limited shipping capacity. Saras' position as a coastal refinery in the middle of the Mediterranean with the ability to process a broad array of crudes bestows it with considerable flexibility over both inputs and outputs. This leaves it well-placed to benefit under such conditions.

Disposition of Assets

REGION	30 JUN 2022	31 MAR 2022	30 JUN 2021
United Kingdom	22%	25%	18%
Romania	8%	7%	8%
Switzerland	8%	8%	6%
France	7%	9%	10%
Germany	7%	8%	13%
Ireland	6%	6%	5%
Italy	4%	3%	3%
Austria	4%	3%	4%
Netherlands	4%	4%	2%
United States	3%	4%	3%
Spain	3%	3%	9%
China	2%	3%	3%
Finland	2%	2%	3%
Czech Republic	2%	2%	1%
Norway	1%	1%	3%
Belgium	1%	0%	0%
Sweden	1%	0%	0%
Hungary	0%	0%	1%
Cash	16%	10%	8%
Shorts	-26%	-16%	-1%

See note 3, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

The main detractors from the Fund's performance were **Wizz Air** (-39%) and **Allfunds** (-30%).

Wizz Air is a leading low-cost airline in Central and Eastern Europe. Recent share price weakness reflects investor concerns over rising fuel prices as well as questions around the sustainability of strong demand beyond the current summer travel season. The airline industry regularly faces such challenges, and low-cost carriers tend to benefit from them in the long term.

Allfunds is a financial network that connects the wealth management industry with asset managers, allowing access to global investment products with seamless back-end processing. This is a highly attractive business with many merits, but its revenue depends on assets under administration. This is particularly attractive when stock and bond prices are rising but can put significant pressure on revenue when stock and bond prices are falling simultaneously, as they have been this year. We expect such pressure to be transitory and are adding to our position.

Changes to the Portfolio

Most of our activity during the quarter was concentrated on the short side.

We either closed or significantly reduced our short positions in various 'quality compounder' companies. This group of shorts now accounts for just 3.5% of our capital. Among the shorts we closed were **Straumann**, a Swiss manufacturer of dentistry equipment and implants, and **Rational**, a German manufacturer of steamers and ovens for restaurants and the catering industry. Among the shorts we reduced were **Hermès**, the French luxury design house known for its iconic

Net Sector Exposures

SECTOR	30 JUN 2022	31 MAR 2022	30 JUN 2021
Financials	29%	29%	31%
Industrials	15%	17%	17%
Consumer Discretionary	10%	15%	11%
Health Care	7%	6%	7%
Communication Services	6%	7%	9%
Energy	4%	3%	3%
Materials	3%	2%	5%
Real Estate	2%	2%	2%
Consumer Staples	2%	1%	1%
Information Technology	1%	0%	4%
Other	-22%	-8%	0%
TOTAL NET EXPOSURE	58%	73%	90%

See note 4, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

leather goods, and **Halma**, a British industrial group that is highly respected for its shrewd and insightful approach to capital allocation. All these stocks have fallen over 30% since we initiated our short position. All are enterprises we admire and would love to own at the right price. However, even after these price falls, their price-to-earnings ratios range from 30 to 45 times. We are still a long way from the price being 'right'.

We initiated a number of new shorts in businesses that are more cyclical in nature and have benefited from Covid-induced disruptions. This group of shorts now accounts for around 2% of the Fund's capital. The type of company we are shorting will have experienced a surge in demand for their products during lockdowns or periods of working from home while supply was limited by supply-chain complications. Typically, their products are durables, meaning that having bought them once, you won't buy them again for many years. While these businesses often trade on humble valuations, their earnings are supercharged by strong volumes and high margins, neither of which will be replicable. We continue to look for stocks to add to this basket of shorts.

Finally, since the start of the quarter, we also introduced a number of significant index shorts. These reflect our concerns that stock markets appear to be overly complacent about the deteriorating fundamental outlook. These index shorts now account for around 20% of the Fund's capital.

On the long side, we trimmed a number of our better-performing positions while adding toehold positions in a handful of new stocks. However, we continue to struggle to find businesses that are both attractively valued and significantly different from what we already own.

Outlook

The Russian invasion of Ukraine is probably the most significant geopolitical event on the European continent since the fall of the Berlin Wall in 1989. Europe was one of the biggest beneficiaries of the post-1945 'Pax Americana' and the globalisation wave that accompanied it. It also benefited tremendously from the post-Cold War Peace Dividend. The region had evolved to thrive in this post-Cold War world and for many years treated considerations of national security, resource security and national interest with disdain.

While the geopolitical environment has been changing subtly for some years, the Russian invasion of Ukraine has hammered this fact home in a way that is impossible for European leaders to ignore. The region has finally awoken to a reality where it finds itself wrong-footed and urgently needing to adapt to a rapidly corroding environment.

With these challenges will come many opportunities. Obvious areas of underinvestment include defence, energy security and transition, self-sufficiency in key technologies and supply-chain resilience.

While all the focus is currently on Ukraine, there are many longer-running challenges that the region has to contend with, particularly rising inequality and an aging population. The former remains an open wound, while the latter will be difficult to address given the growing aversion to inbound migration. Another strong showing by Marine Le Pen and the National Front in the recent French presidential and parliamentary elections underscores these challenges.

Then there is the relationship with China. Here things are about to get complicated, as it will no longer be possible to compartmentalise interactions as purely commercial and ignore the strategic, security and moral dilemmas they entail.

All these challenges create pressure for change. That change will bring many investment opportunities in the medium term. However, these pressures will also create a higher-risk investing environment, which we feel the market is not adequately pricing in.

We ended the quarter 58% net invested. Our cash holding amounts to 16% of the Fund's capital, while short positions amount to 26% of capital.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Fondul Proprietatea SA	Romania	Financials	4.2%
Beazley PLC	UK	Financials	4.1%
Saras SpA	Italy	Energy	4.1%
Informa PLC	UK	Comm Services	3.8%
Banca Transilvania SA	Romania	Financials	3.7%
Bayer AG	Germany	Health Care	3.6%
Booking Holdings Inc	US	Cons Discretionary	3.1%
Airbus SE	France	Industrials	3.1%
Bank of Ireland Group PLC	Ireland	Financials	2.8%
Barclays PLC	UK	Financials	2.6%

As at 30 June 2022. See note 5, page 40.
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 https://www.platinum.com.au/our-products/pef.

Platinum Japan Fund

James Halse
Portfolio Manager

Performance

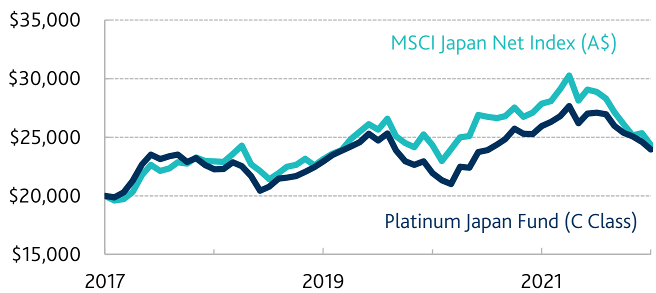
(compound p.a.+, to 30 June 2022)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Japan Fund*	-6%	-8%	1%	4%	13%
MSCI Japan Index^	-7%	-13%	2%	4%	3%

+ Excludes quarterly performance.
* C Class – standard fee option. Inception date: 30 June 1998.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI Japan 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 40. Numerical figures have been subject to rounding.

Value of $20,000 Invested Over Five Years

30 June 2017 to 30 June 2022



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 40.

The Fund (C Class) returned -5.6% for the quarter and -7.7% for the year.[1]

Japan's stock market (-4% in local currency terms) did not escape unscathed from the equity market pain felt in the Western hemisphere, but fared considerably better than its US (-17%) and European (-9%) counterparts,[2] helped in part by the weakness in the yen and the ongoing loose monetary policy of the Bank of Japan (BOJ).

The Fund saw strong performance from a selection of stocks driven by idiosyncratic factors. **Ship Healthcare** (+21%) rebounded as investors warmed to its respectable new mid-term plan, driven by government policy to reduce hospital numbers via consolidation and reconstruction, which is beneficial to Ship's consulting and medical equipment supply business. Technology systems integrator **Fuji Soft** rallied 26% as an activist investor increased its stake to more than 20% after its shareholder proposals were rejected at the Annual General Meeting in March, and bathroom fixtures and window sash manufacturer **Lixil** gained 11% with a decline in the price of aluminium, a key input.

Our selective short positions against a number of very overvalued and/or challenged businesses contributed 1.1% to the Fund's return in the quarter.

Detractors from performance included semiconductor equipment maker **Tokyo Electron** (-30%) and semiconductor wafer manufacturer **SUMCO** (-13%), as the outlook for semiconductor demand weakened. **Doosan Bobcat**, owner of the Bobcat small earth-mover brand, declined 26% due to its exposure to a weakening US housing cycle.

Changes to the Portfolio

We made only a few minor tweaks to the portfolio during the quarter, adding to our positions in **Fuji Soft** and elevator maker **Fujitec**, as activist actions appeared likely to gain more ground with both companies. We also increased our stake in **Toho Titanium**, as the outlook for its business improved with

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

2 MSCI Japan Index, MSCI USA Index and MSCI Europe Index, respectively, in local currency. Source: MSCI.

Disposition of Assets

REGION	30 JUN 2022	31 MAR 2022	30 JUN 2021
Japan	77%	68%	84%
South Korea	8%	7%	7%
Cash	14%	24%	9%
Shorts	-2%	-4%	-3%

See note 3, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	30 JUN 2022	31 MAR 2022	30 JUN 2021
Information Technology	21%	17%	24%
Industrials	20%	19%	21%
Materials	16%	13%	8%
Consumer Staples	9%	6%	3%
Consumer Discretionary	8%	6%	12%
Communication Services	6%	6%	7%
Health Care	2%	2%	9%
Financials	0%	2%	3%
Real Estate	0%	0%	1%
TOTAL NET EXPOSURE	83%	72%	88%

See note 4, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Toyo Seikan Group	Japan	Materials	6.0%
MinebeaMitsumi	Japan	Industrials	4.8%
Fujitec Co Ltd	Japan	Industrials	4.4%
Toyota Motor Corp	Japan	Cons Discretionary	4.0%
Lixil Group Corp	Japan	Industrials	3.9%
Fuji Soft Inc	Japan	Info Technology	3.8%
Asahi Group Holdings	Japan	Consumer Staples	3.7%
DeNA Co Ltd	Japan	Comm Services	3.4%
SK Hynix Inc	South Korea	Info Technology	3.3%
Hokuetsu Corp	Japan	Materials	3.3%

As at 30 June 2022. See note 5, page 40.
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 https://www.platinum.com.au/our-products/pjf.

the increasing likelihood that major Russian producer VSMPO's products will be excluded from high-grade aerospace applications. We exited our position in **Oracle Japan**, as we assessed the competitive position of Oracle's growth engine, the enterprise resource planning software business, to be much less robust in Japan than elsewhere.

Commentary

The yen's precipitous decline from 115 to the US dollar (USD) at the start of 2022, to 135 at the time of writing, appears mainly to be a function of the divergence in monetary policy between the US Federal Reserve (Fed) and the BOJ. While the Fed has raised rates and plans to begin decreasing the size of its balance sheet, thus withdrawing liquidity from the financial system, the BOJ, per its yield curve control policy, (YCC) has pledged to buy unlimited Japanese government bonds (JGBs) to maintain a cap on the 10-year bond rate at 0.25%. This has led to a significant widening of the available interest rate spread one earns from selling yen and buying USD, and thus downward pressure on the yen.

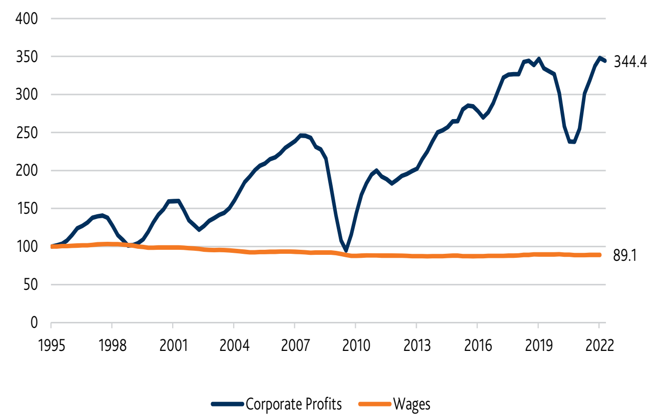
Speculators noted the weakness in the yen and wagered that the BOJ would be forced to abandon YCC through selling JGB futures. The extent of these bets led to a significant gap between the price of the futures contract and that of the underlying bond. The rationale behind this trade is that Japan is now experiencing uncharacteristically high inflation (+2.5% year-on-year in April and May),[3] due partly to increased global commodity prices, but compounded by the yen weakness, which makes USD-priced commodities more expensive again. As the thinking goes, the BOJ will be forced to raise rates to control inflation, following the approach of central banks elsewhere in the world.

As yet, the BOJ has stood strong and appears to have the backing of the political establishment in doing so. One of the key reasons for this, is likely the absence of wage growth in the system that would indicate the potential for persistent inflation. The BOJ has a target of achieving 2% inflation on an ongoing basis, but with wage growth stuck stubbornly between 1%-2% in recent months, the BOJ is remaining dovish.[4] This approach is now looking prescient as commodities are crashing from their recent heights, implying a deflationary impulse in the Japanese economy's future.

3 Source: FactSet Research Systems.

4 'Hawks' and 'doves' are terms used in the financial markets to describe likely voting preferences of board members of central banks. Hawks are willing to allow interest rates to rise in order to keep inflation under control; while doves prefer to focus on other issues, such as employment, and thus prefer to keep interest rates low.

Fig. 1: Japan Corporate Profits vs. Wages (1995 = 100)



Source: FactSet Research Systems.

The wage growth question is a difficult one for Japan. The post-war period saw an alliance between the government and corporate sectors against the power of labour to ensure the healthy growth of a manufacturing-oriented export economy. This dynamic worked well during the boom but has resulted in stagnant wages since the early 1990s.[5] The traditional job-for-life, seniority-based system means that companies typically do not hire for specific roles or on the basis of specific skills, with most training occurring on the job and very little inter-company mobility of labour. In the West, it is well-known that workers changing companies are generally likely to earn better pay than those who stay loyal to their current employer.[6] This phenomenon obviously places upward pressure on overall pay rates across industries as companies compete to attract talent to fill vacant roles. With the dearth of this dynamic in Japan, it is difficult to see where upward pressure on pay rates may come from, particularly given the absence of aggressive labour unions, such as those we can observe in South Korea.[7]

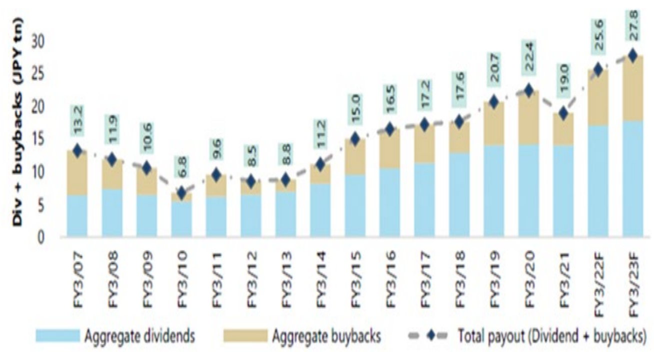
BOJ Governor Haruhiko Kuroda is thus doing everything in his power to ensure the persistence of inflation, perhaps to the point where the quiescent Japanese worker begins to demand a fair share of the tremendous growth in corporate profits experienced while wages have flatlined (see Fig. 1).

The upshot of all this is that we can expect the BOJ to continue its loose monetary policy, thus placing downward pressure on the yen and upward pressure on Japanese risk assets such as equities. However, as we look to be entering recessionary territory in the West, the potential exists for the yen's traditional role as a safe haven currency to reassert itself and offset the downward pressure, while corporate earnings may be pressured by a drop in international demand. The reopening of China's domestic economy further complicates the picture. Given how linked Japan now is to its giant neighbour, a rebound in China could provide a cushion for Japanese business performance.

Outlook

The outlook for Japanese equities appears robust, particularly for those engaged in active management of their positions. Notwithstanding the growing macroeconomic clouds elsewhere in the world, Japanese stocks are starting from already depressed valuation levels at a time when cash returns to investors are consistently improving. Famous for hoarding cash, Japanese corporates are now returning it to investors at record levels (see Fig. 2) while maintaining generally strong balance sheets. Indeed, the total yield (dividend + buyback) on the MSCI Japan Index is expected to rise to more than 4% this year.[8]

Fig. 2: Topix – Aggregate Dividend and Buybacks Trend Since FY3/07



Source: FactSet Research Systems, Bloomberg, Jefferies.

The ongoing improvement in corporate governance in Japan is steadily continuing, aided by shareholder engagement, which has driven success stories such as Olympus[9] and has now spread widely, beyond the headline-grabbing situations such as those of Toshiba, into stocks such as Fuji Soft and Fujitec mentioned above, and many others.

We will continue to seek out situations of improving governance, operational, and financial execution in which to invest a portion of the Fund's assets while concurrently looking for opportunities to invest in strong businesses with prospects for improving circumstances that we believe are underappreciated by the market.

5 https://asia.nikkei.com/Politics/Japan-election/Japan-s-30-year-wage-slump-hangs-over-distribution-debate

6 https://www.forbes.com/sites/jackkelly/2019/07/26/a-new-study-concludes-that-it-literally-pays-to-switch-jobs-right-now/?sh=7d37d9f75959

7 https://www.reuters.com/business/autos-transportation/hyundai-motors-union-skorea-vote-first-strike-4-years-2022-07-01/

8 Source: Jefferies.

9 As covered in our June 2021 quarterly report https://www.platinum.com.au/PlatinumSite/media/Reports/pjfqtr_0621.pdf

Platinum International Brands Fund

James Halse
Portfolio Manager

Performance

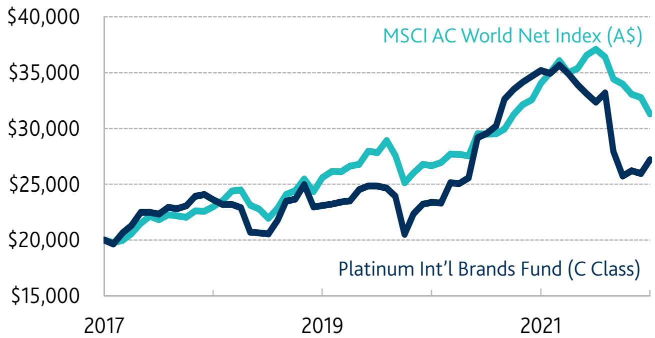
(compound p.a.+, to 30 June 2022)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Brands Fund*	6%	-23%	6%	6%	11%
MSCI AC World Index^	-8%	-8%	7%	9%	4%

+ Excludes quarterly returns.
* C Class – standard fee option. Inception date: 18 May 2000.
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 40. Numerical figures have been subject to rounding.

Value of $20,000 Invested Over Five Years

30 June 2017 to 30 June 2022



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 40.

Global markets experienced a great deal of turmoil in the quarter as rampant inflation inspired new levels of central bank hawkishness, which withdrew liquidity from markets, compressed valuation multiples, and raised fears of a forthcoming recession and thus deterioration in corporate earnings. In this context, it is pleasing that the Fund (C Class) returned a positive 5.6% for the quarter.[1]

The US bore the brunt of the selling in local currency terms. Especially hard hit were the more speculative growth stocks, as well as major beneficiaries of the pandemic and/or related stimulus. European markets fared somewhat better, but consumer businesses exposed to discretionary spending were sold off aggressively as their customers faced surging energy prices as a result of the ongoing Russian invasion of Ukraine, leaving less money for discretionary purchases. In stark contrast to recent experience, our Chinese holdings boosted returns significantly (+5.1% contribution), as major cities emerged from harsh lockdowns and the government acted to stimulate the economy while delivering more favourable messaging around the policy outlook in relation to digital platforms.

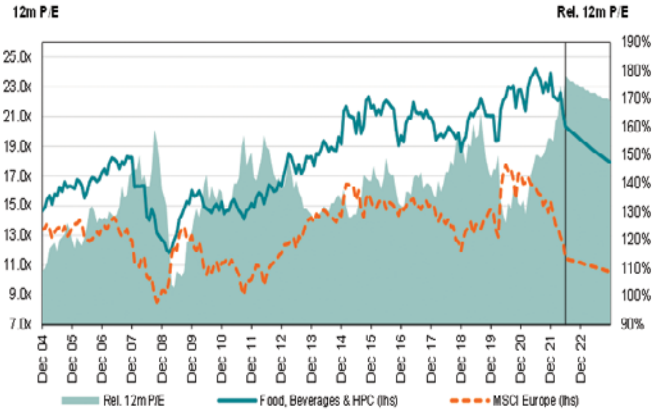
The hangover from consumer stimulus in the US and risks to valuations from inflation and rising rates are factors we have been discussing for some time,[2] particularly in relation to spending on consumer durables that was pulled forward due to pandemic lockdowns. Our short positions against individual stocks exposed to these dynamics, as well as broader indices, contributed 8.6% to the Fund's return for the quarter.

The significant earnings downgrades from stalwart grocery and general merchandise players Walmart and Target in mid-May were trigger points for a large sell-off in the retail sector. Both stocks realised their largest single-day declines since the crash of 1987 after reporting sales growth well below general inflation levels, declining earnings, weak guidance and huge inventory builds. Stock was over-ordered due to supply-chain constraints, and by the time it arrived, demand had evaporated. A large increase in balance sheet

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

2 See for example our June and September 2021 quarterly reports.

Fig. 1: European Staples Trading on Record Premiums



Source: Exane.

inventory relative to sales generally implies higher costs in future periods and/or a need for intense promotions to clear the excess stock. In this case, both seemed likely, and this was soon reflected in Target further downgrading its earnings guidance less than three weeks later.

Until its result, investors had viewed Walmart as 'defensive' and it had avoided much of the market decline to that point while retaining a premium valuation. Its announcement triggered similar sell-offs in other high-quality retailers. One such retailer was Costco, which as recently as April, had traded at its highest valuation in at least 30 years, 46x estimates of 2022 earnings. These examples illustrate the dangers of investor crowding into defensive businesses in the hope of avoiding market turmoil. A business may be defensive, but its stock ceases to be when its valuation becomes stretched.

Investors price stocks according to their relative characteristics and perceived prospects, so it is almost inevitable that defensive stocks will join their riskier peers in a downward march in a general market sell-off. What likely determines the aggression with which investors ultimately sell defensives in such a move is the extent to which the valuation premium to riskier stocks has widened. Currently, we can observe that the immediate prospects for defensive consumer stocks do not look healthy, and we have initiated several short positions as a result. To illustrate the point, we can see that European staples now trade at a record premium to the market (see Fig. 1).

As mentioned, China was a source of solid returns during the quarter, with our holdings in digital platforms **Dingdong** (+2% from our average entry price during the quarter), **Prosus** (+29% over the quarter, listed in Europe, but the vast majority of value is from China), **Meituan** (+25%), **Trip.com** (+19%) and **JD.com** (+19% from our average entry price during the quarter) all delivering meaningfully positive results. Restaurant operator **Yum China** (+26% from our average entry price during the quarter), and dairy companies **Yashili** (+11%) and **Inner Mongolia Yili Industrial** (+6%) also contributed.

Similarly, several of our Japanese positions performed well, aided by a weak yen, which boosts the translation of overseas business results, as well as an improved outlook for input cost increases as commodity prices collapsed. Bathroom fixture manufacturer **Lixil** (+11%) and disposable hygiene player **Unicharm** (+4% from purchase) were in this category. Our currency management largely shielded us from the decline in the value of the yen during the quarter.

Detractors from performance were mostly US and European companies, particularly digital platforms and stocks that require growth to justify their valuations. Included in this basket were apparel e-commerce retailers **ASOS** (-46% to final exit) and **Zalando** (-45% to exit), which suffered from the crunch on the wallets of European consumers alluded to above. **Meta Platforms** (formerly Facebook, -27%) and Google parent **Alphabet** (-22%) suffered as investors

Disposition of Assets

REGION	30 JUN 2022	31 MAR 2022	30 JUN 2021
Asia	50%	43%	26%
Japan	17%	17%	8%
North America	16%	10%	25%
Europe	10%	21%	32%
Cash	6%	8%	8%
Shorts	-43%	-15%	-11%

See note 3, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	30 JUN 2022	31 MAR 2022	30 JUN 2021
Consumer Discretionary	56%	49%	37%
Consumer Staples	14%	11%	5%
Communication Services	10%	11%	18%
Industrials	4%	3%	3%
Financials	2%	3%	18%
Real Estate	0%	1%	1%
Information Technology	0%	-1%	0%
Materials	0%	0%	-1%
Other	-35%	0%	0%
TOTAL NET EXPOSURE	52%	76%	81%

See note 4, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

withdrew from tech. More generally, gym chains **Planet Fitness** (-19%) and **F45** (-63%) declined with a general sell-off in growth stocks, and our small position in out-of-favour used car digital retailer **Carvana** (-83%) proved nonetheless costly as its results disappointed and it was forced to raise capital.

Changes to the Portfolio

During the quarter, we exited our positions in **ASOS** and **Zalando**. ASOS' operational missteps have now been compounded by end consumer weakness and rising competition. Our initial investment thesis was proven incorrect, and we exited for a sizeable loss. We re-entered Zalando in March following a considerable sell-off after the Russian invasion of Ukraine. We did not appropriately weight the impact on consumer sentiment and discretionary spending capacity that would result from this action, which drove further deterioration in Zalando's (and ASOS') expected operating results. We will continue to follow these stocks and assess developments as they arise.

We added a new position in **Yum China**, which owns and operates the KFC and Pizza Hut chains in China. We have long followed this business, and the negative sentiment in relation to the stock due to the recent lockdowns in major cities provided us with the opportunity to enter at an attractive price. KFC is the dominant quick-service restaurant chain in China, with more than double the store count of the next largest competitor McDonald's, but also a long growth runway remaining. The pandemic has suppressed its earnings, but it should recover much of the lost ground when China normalises.

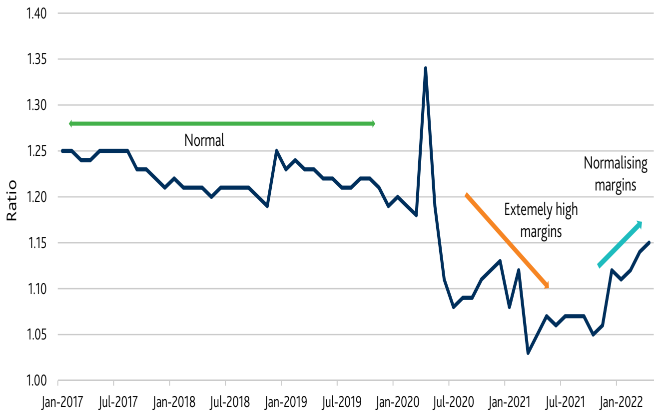
Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Prosus NV	China	Cons Discretionary	5.3%
Trip.com Group Ltd	China	Cons Discretionary	5.1%
Yum China Holdings Inc	China	Cons Discretionary	4.2%
Meituan Dianping	China	Cons Discretionary	4.1%
Lixil Group Corp	Japan	Industrials	3.9%
Meta Platforms Inc	US	Comm Services	3.8%
Fu Shou Yuan Intl	China	Cons Discretionary	3.7%
Nien Made Enterprise Co	Taiwan	Cons Discretionary	3.6%
Alphabet Inc	US	Comm Services	3.5%
JD.com Inc	China	Cons Discretionary	3.4%

As at 30 June 2022. See note 5, page 40.
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 https://www.platinum.com.au/our-products/pibf.

Fig. 2: US Retail Inventories/Sales Ratio:
Retail trade, excluding motor vehicles and parts dealers



Source: Federal Reserve Bank of St. Louis.

Outlook

We continue to maintain a low net market exposure as we remain cautious on the health of consumers globally in light of rampant inflation in non-discretionary categories, negative real wage growth and rising interest rates. While commodity prices are generally now in decline, food and energy costs are likely to remain elevated for some time, and the decline in commodities seems to be signalling declining demand, implying a recession in our future rather than increased supply. At the same time as demand is falling, retailers are taking delivery of stock ordered during more buoyant times, leading to a correction in the inventory to sales ratio (see Fig. 2), and a likely normalisation from a period of extreme profitability.

Where we are more confident on the outlook is in Asia, driven by a reopening from lockdowns alongside a loosening of monetary and regulatory policy in China, as well as continued aggressively loose monetary policy in Japan. A weak yen should assist Japanese stocks as it enhances their export competitiveness as well as benefiting the translation of the earnings of foreign subsidiaries. Japanese stocks are cheap, with generally strong balance sheets and increasing cash payouts, driven partly by the rise of effective shareholder activism.

The massive extent of the sell-off in pockets of the market is giving rise to opportunities to buy companies with exciting growth prospects at very low valuations relative to their potential. While this potential may run into the hard realities that capital is now expensive and execution in achieving profitability has become key, for those that can deliver, the return opportunity is enormous. We will, of course, endeavour to maximise our risk/return equation via building our understanding of business fundamentals and managing our position sizing, but we are potentially arriving at a point in the market cycle where 'growth' is becoming attractively valued.

Platinum International Health Care Fund

Dr Bianca Ogden
Portfolio Manager

Performance

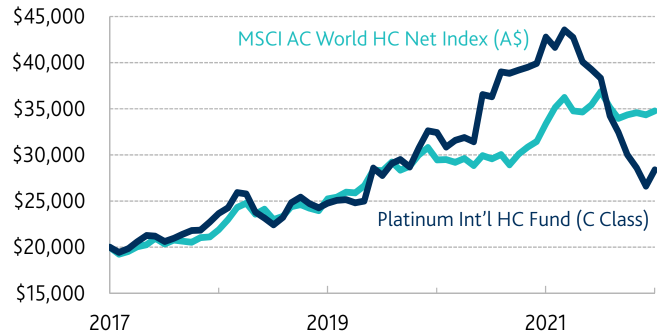
(compound p.a.+, to 30 June 2022)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l HC Fund*	-5%	-34%	5%	7%	9%
MSCI AC World HC Index^	1%	4%	11%	12%	10%

+ Excludes quarterly returns.
* C Class – standard fee option. Inception date: 10 November 2003.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI All Country World Health Care 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 40. Numerical figures have been subject to rounding.

Value of $20,000 Invested Over Five Years

30 June 2017 to 30 June 2022



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 40.

The Fund (C Class) returned -5.4% for the quarter and -33.7% for the year.[1]

The sell-off in biotech stocks continued during the quarter, impacting the Fund's performance. During the quarter, the sell-off broadened to include medical device companies and large well-known tool companies.

Rising inflation, higher interest rates and recession concerns dominated the market narrative. This prolonged sell-off has been unprecedented.

In the second half of the quarter, however, we saw signs of stabilisation with short-sellers stepping back in to cover their positions, investors starting to return from the sidelines to take advantage of cheap valuations, and evidence of refinancing occurring. This helped the Fund to finish the quarter on a strong note, returning +6.6% in June.

Apart from macroeconomic and geopolitical issues pressuring biotech share prices and pharmaceutical (pharma) companies being seen as a safe haven, there were also stock-specific factors. European biotech **UCB** (-26%) had disappointing news that the approval of Bimekizumab (a treatment for psoriasis and related inflammatory diseases) has been delayed in the US.

Emerging tool companies such as **NanoString Technologies** (-63%) and **Quanterix** (-45%) had dismal performance this quarter, reflecting concerns around competition and sustainable biotech funding.

Chinese biotech companies **Hutchmed** (-36%) and **Zai Lab** (-21%) showed weak share price performance. Hutchmed's Surufatinib (a treatment for advanced pancreatic and extrapancreatic neuroendocrine tumours) saw its US approval delayed, while investors shunned Zai Lab due to the ongoing debate around Nasdaq listing requirements.

On the bright side, many of our investment companies made positive progress over the quarter. **Epizyme** (+28%) was the standout performer, as its approved drug Tazverik showed it has great potential as a combination drug for B-cell

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

lymphoma. In addition, the company was acquired by French biotech Ipsen in late June.

Cogent Biosciences (+20% over the quarter) presented good data for Bezuclastinib in advanced systemic mastocytosis (a rare disorder that results in the build-up of mast cells in organs throughout the body). The drug will now progress to the next phase. Following the data announcement, Cogent successfully raised additional money, helping its share price to bounce 70% off its lows during the quarter.

We have been gradually trimming several holdings and adding to investments that we firmly believe are undervalued, have access to cash, and will, in our opinion, come out stronger on the other side.

Commentary

While nobody questions the rationale when biotech delivers, everyone worries when there is a transition - but it is those transitional periods that provide the returns in years to come.

The Fund has had significant exposure to biotech companies since its inception in 2003. When we launched the Fund, biotech had just lost its 'genomics' glow and analyst predictions for the sector, as well as pharma companies, were doom and gloom.

At that time, we were convinced precision medicine would play a significant role in healthcare and that the pharma sector would become closely entwined with the biotech sector. To us, this was an emerging sector with a bright future, but its valuation had been severely marked down. We were convinced that scientists will gradually decipher our genes, and we were excited about antibodies becoming a therapeutic modality.

Since Genentech's initial public offering (IPO) in October 1980, the relationship between the biotech sector and capital markets has been cyclical in nature. Since that time, the biotech landscape has been redefined several times. At each 'event', the industry stepped up to a new level, in terms of size, complexity and the number of dedicated investment funds. This time is no different, and without doubt, we expect the sector will continue to evolve to even higher levels in the future.

We are convinced that we are entering the next chapter for this sector as the schematic in Fig. 1 on the following page highlights. Patent expirations will rear their head again for pharma/large biotech ('biopharma') in the coming years. Hence, the US$200 billion-plus currently sitting on these companies' balance sheets will likely find its way into the biotech sector. We are seeing dedicated biotech funds and biotechs successfully raising money.

Disposition of Assets

REGION	30 JUN 2022	31 MAR 2022	30 JUN 2021
North America	41%	39%	36%
Europe	26%	27%	21%
Australia	13%	13%	10%
Japan	4%	5%	4%
Asia	4%	3%	12%
Other	1%	1%	1%
Cash	11%	12%	16%
Shorts	-3%	-3%	-1%

See note 3, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	30 JUN 2022	31 MAR 2022	30 JUN 2021
Biotechnology	54%	49%	53%
Pharmaceuticals	25%	27%	22%
Life Sciences Tools & Services	5%	8%	7%
Other	2%	2%	1%
TOTAL NET EXPOSURE	86%	86%	83%

See note 4, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
SpeeDx Pty Ltd	Australia	Biotechnology	6.8%
Takeda Pharmaceutical	Japan	Pharmaceuticals	4.2%
Sanofi SA	France	Pharmaceuticals	3.4%
Bayer AG	Germany	Pharmaceuticals	3.3%
Telix Pharmaceuticals Ltd	Australia	Biotechnology	2.7%
UCB SA	Belgium	Pharmaceuticals	2.4%
ExScientia Ltd	UK	Biotechnology	2.3%
Galapagos NV	Belgium	Biotechnology	2.3%
908 Devices Inc	US	Other	2.1%
Ideaya Biosciences Inc	US	Biotechnology	2.0%

As at 30 June 2022. See note 5, page 40.
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 https://www.platinum.com.au/our-products/pihcf.

The past decade has been a remarkable funding environment for biotech companies. In the late 1990s, the capital markets embraced the biotech sector, hoping 'genomics' was the next 'internet wave' given the human genome had been mapped. In many ways, that period put biotech on investors' radars and made the next biotech waves possible. Leading up to the 2015/16 market wobble, it was 'immuno-oncology' that generated a buzz and redefined the oncology biotech landscape. Moving forward to today and the sector is redefining itself again following a remarkable investment cycle.

As we have seen with past cycles, this is the time when new companies will mature. This sector requires investors to keep a clear head, assess the bigger picture and put emotions aside. We are in a period where the biotech sector will redefine how we identify and develop new drugs.

Tools are being produced that will allow us to decipher the protein universe, similar to what next-generation sequencing provided us for studying our genes.

RNA interference (RNAi) was embraced by scientists 20 years ago to make silencing genes easy and protect us from disease. CRISPR, a technology that can be used to edit genes, is the RNAi of 20 years ago, and similarly to RNAi, gene editing will ultimately graduate from a lab tool to a therapeutic modality.

Antibodies being used as therapeutics required large investments in biomanufacturing 20 years ago. Today, cell and gene therapies are going through the same process, with standards being defined and a global manufacturing ecosystem being established.

Outlook

The backdrop for the biotech industry is sound; share market sentiment, however, has been very challenging for almost 18 months. Whichever way you look at biotech companies (trading below cash, dissolution value etc.) it is clear we are in unprecedented times. The focus has now shifted to cash runways. Companies are narrowing their research and development (R&D) focus, and lay-offs at companies have started, but most interestingly, boards are considering all options, including returning money to shareholders. This sector knows what it means to adapt, regroup and thrive again.

A significant difference to the 'genomic bubble' 20 years ago and even a decade ago is the fact that the lines between private and public investors are now blurred. This has been a blessing and a curse, offering solid funding but resulting in companies being laxer on investing their R&D dollars. It is clear that investment funds are not abandoning this sector. On the contrary, they are raising more money, while at the same time, companies are showing a willingness to make the hard decisions. In many ways, we are more likely to be in the last innings of this correction than the first.

In our view, now is not the time to turn our backs on the biotech sector. It is a time to do the due diligence, engage with companies and build the portfolio for the coming years.

Fig. 1: The Next Chapter for Biotech
Funding 'Booms' Establish the Technologies of the Future

Late 1990s		c. 2020
Biotech started	→	"Tech" AI, Pharmatech
Human genome map/sequencing	→	Single cell/spatial/proteomics
RNAi/antisense	→	Long-acting RNAi, mRNA, conjugated siRNA
Biological manufacturing	→	"Synthetic biology"
Recombinant proteins	→	Protein engineering (ADC, radiothx)
Antibody therapeutics	→	Cell and gene therapy
Speciality care, rare diseases	→	Speciality everything, rare disease, targeted cardio

Source: Platinum Investment Management Limited, Bloomberg, FactSet Research Systems.

Platinum International Technology Fund

Alex Barbi
Portfolio Manager

Performance

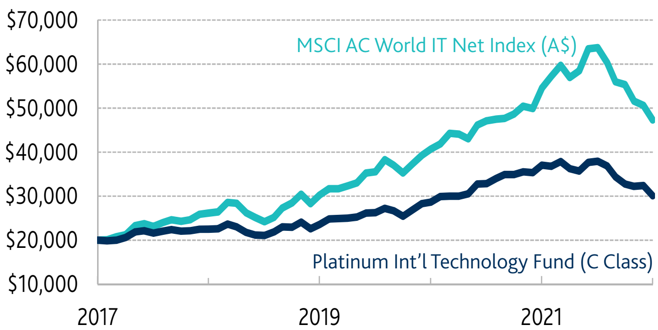
(compound p.a.+, to 30 June 2022)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Tech Fund*	-8%	-19%	9%	9%	9%
MSCI AC World IT Index^	-14%	-13%	16%	19%	3%

+ Excludes quarterly returns.
* C Class – standard fee option. Inception date: 18 May 2000.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI All Country World IT 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 40. Numerical figures have been subject to rounding.

Value of $20,000 Invested Over Five Years

30 June 2017 to 30 June 2022



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 40.

The Fund (C Class) returned -8.0% for the quarter and -18.8% for the year.[1]

A relatively low exposure to the US market, high cash position, positive contributions from shorts, and a recovery in some of our Chinese internet holdings, assisted the Fund's performance during what was a very weak quarter for markets, particularly technology stocks. The 8% decline in the Australian dollar vs. the US dollar also provided a positive contribution to performance.[2]

Markets continued their bearish trend established at the beginning of the year, largely driven by the repercussions of the war in Ukraine, including the higher cost of energy and food, as well as disruptions to supply chains. Concerned about rampant inflation, most central banks around the world have signalled more restrictive monetary policies, trying to contain what is no longer considered a transitory phenomenon. During the quarter, the US Federal Reserve (Fed) raised the Fed Funds rate on two occasions by a cumulative 125 basis points to 1.75%, negatively impacting asset valuations.

The recent trajectory of US leading economic indicator indices[3] is also turning down, pointing to sluggish growth in the near term and possibly a recession later in the year, as the Fed continues its aggressive monetary tightening and reducing liquidity in the financial system.

In this context, technology stocks suffered another downdraft as investors reassessed valuations and prospects in light of the more difficult environment. The Nasdaq-100 Technology Sector Index returned -25% for the quarter, accelerating the decline from the previous quarter. The more cyclical PHLX Semiconductor Sector Index fell 25% over the quarter as investors started factoring in a more severe slowdown in demand for smartphones, PCs and consumer electronics after the strong demand experienced during the last two years.

1 References to fund returns and performance contributions (excluding individual stock returns) in this Platinum International Technology Fund report are in AUD terms. Individual stock and index returns (excluding the MSCI AC World IT Index) are quoted in local currency terms and sourced from FactSet Research Systems, unless otherwise specified.

2 Source: FactSet Research Systems.

3 Refer to The Conference Board Leading Economic Index®- LEI https://www.conference-board.org/topics/us-leading-indicators

Software stocks were also very weak as investors avoided highly valued names where valuations can no longer be justified given rising interest rates. The S&P North American Technology Software Index returned -22% for the quarter. High growth but unprofitable technology companies were sold down aggressively during the quarter as investors avoided anything with very expensive valuations that were hard to justify. The Morgan Stanley Unprofitable Tech Index fell 37%, and the ARK Innovation ETF declined 40%.[4]

A common theme among many large tech companies was a deterioration in economic prospects in the medium term, after the huge rise in demand experienced during 2020 and 2021 as a result of the Covid-19 lockdowns.

The poster child of this trend is **Netflix**. The stock collapsed by 35% the day after announcing that its subscriber growth had gone into reverse, raising doubts about its ability to achieve its ambitious goal of global domination in the streaming market. After a decade of strong growth, the company now expects a decline of two million subscribers in the June quarter after losing 200,000 subscribers in the previous quarter. A return to normal life after the end of the lockdowns, increased competition from alternative services (e.g. Disney+, Apple TV, HBO, Paramount), and market saturation in the richest countries like the US and Canada suggest that it will be harder to grow the business in the future. Netflix has fallen 71% for the calendar year to date.

Similarly, **Amazon** fell 14% after reporting decelerating revenue growth in the March quarter (+7.3% year-on-year, down from +44% in the March 2021 quarter). Online sales were particularly weak, falling 4% vs. the previous year when the company hugely benefited from consumers increasingly ordering goods for home delivery during lockdowns. The company revised down its plans for warehousing space expansions, implying that it now had excess capacity. It also mentioned high staffing costs due to a competitive labour market and supply chain issues were creating headwinds for the remainder of 2022. Amazon is down 36% for the calendar year to date.

The Fund had its fair share of decliners, as most sectors were affected by similar macroeconomic issues. Semiconductor and semiconductor capital expenditure (capex) stocks were hit particularly hard by fears that demand for consumer electronics (Smartphones, PCs, TVs, game consoles) will decelerate sharply in the second half of the year. Specifically, **SK Hynix** (-23%), **Micron Technology** (-29%) and **Samsung Electronics** (-18%) all weakened as prices for memories (DRAM and NAND) used in PCs, servers, cars and smartphones weakened.

Communication equipment stocks were impacted by a lack of availability in components (mostly semiconductors) and supply-chain disruptions in China due to recurring waves of Covid-19 restrictions, which effectively shut down entire regions in the country. Despite strong demand for optical switches and 5G radios from telecom operators in almost every region, both **Ciena** (-25%) and **Ericsson** (-12%) reported revenue growth below their original targets as they struggled with restricted supplies.

Pleasingly, companies in Asia generally outperformed, with some contributing positively to the Fund's performance.

In China, e-commerce giant **JD.com** (+11%) reported solid March quarter results, with revenues growing by 18% year-on-year, well above the industry average of 9% for online goods. JD remains a leading retailer with its unique first-party and third-party businesses supported by 1,400 warehouses and strong supply-chain capabilities. Despite the difficulties posed by Covid-19 lockdowns in China during April and May, the company has shown strong resilience and subsequently reported gross merchandise value (GMV) growing 10% during the "6.18 Chinese shopping festival" (held annually between 1 June and 18 June).

China-based online travel agent **Trip.com** (+19%) performed strongly, despite a tough period due to Covid-19 restrictions effectively closing the borders for outbound and inbound travellers. Its domestic business recorded a solid recovery, with recent hotel booking volumes rising 20% year-on-year to near pre-pandemic levels, but it was impacted by a resurgence in Covid cases from March to May. More recently, however, Chinese authorities have signalled more flexibility in implementing virus control measures, relaxing quarantine rules and travel restrictions. That bodes well for a more sustained recovery in the second half of the year.

In Japan, IT integration specialist **DTS Corp** (+13%) benefited from a return to growth (revenues +4% year-on-year and operating profits +13% year-on-year in the March quarter). Orders also grew by 8% during the same period, driven by a 14% increase from banking sector customers.

Our short positions in the Nasdaq-100 Index, ARK Innovation Fund, Unprofitable Technology Index, and individual stocks characterised by extremely high valuations and slowing momentum, also contributed positively to the Fund's performance.

4 Source: Bloomberg.

Disposition of Assets

REGION	30 JUN 2022	31 MAR 2022	30 JUN 2021
North America	38%	43%	48%
Asia	30%	25%	22%
Europe	10%	11%	8%
Japan	5%	6%	3%
Cash	17%	15%	19%
Shorts	-5%	-7%	-1%

See note 3, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	30 JUN 2022	31 MAR 2022	30 JUN 2021
Information Technology	54%	51%	46%
Consumer Discretionary	12%	9%	9%
Communication Services	11%	17%	21%
Industrials	4%	4%	3%
Financials	1%	1%	0%
Other	-3%	-3%	0%
TOTAL NET EXPOSURE	78%	78%	80%

See note 4, page 40. 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	4.2%
JD.com Inc	China	Cons Discretionary	4.2%
Ciena Corp	US	Info Technology	4.2%
SK Hynix Inc	South Korea	Info Technology	4.1%
Samsung Electronics Co	South Korea	Info Technology	4.1%
Taiwan Semiconductor	Taiwan	Info Technology	3.8%
Meta Platforms Inc	US	Comm Services	3.3%
Ericsson LM-B	Sweden	Info Technology	3.2%
Micron Technology Inc	US	Info Technology	3.2%
Alibaba Group Holding	China	Cons Discretionary	3.2%

As at 30 June 2022. See note 5, page 40.
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 https://www.platinum.com.au/our-products/pitf.

Changes to the Portfolio

We reduced our large exposure to **Alphabet** in light of a likely deceleration in advertising revenues in the second half of the year. We trimmed our position in software consolidator **Constellation Software** as it reached what we believe is a fair valuation. We also reduced the position in **Cisco Systems** as we believe the next few quarters will be much tougher for the company compared to the strong performance recorded in 2021.

We took the opportunity of share price weakness to add to some of our positions in memory chips and hard disk drives (**Western Digital**) and electric vehicle batteries (Samsung **SDI**). We added to **Infineon Technologies**, a leading German manufacturer of discrete power semiconductors, as we believe the company will hugely benefit from the proliferation of electric vehicles, renewable energy generation and electricity storage. We also re-introduced a position in **Applied Materials**, the leading semiconductor equipment manufacturer, as we think the company will be a major beneficiary of a structural capital expenditure increase in the semiconductor industry, driven by the introduction of new technologies.

At the end of the quarter, the Fund had a net invested position of 78%, with 17% in cash and 5% in shorts.

Outlook

The prospect of a prolonged conflict in Ukraine, inflated oil prices and worsening consumer confidence globally, potentially tilting major Western economies into a recession, does not offer a very promising outlook for the rest of the year. This is particularly so when considering the restrictive monetary policies adopted by central banks in major economies over the last six months.

The paradox is that as central banks have been late in recognising the non-transitory nature of inflation, an economic slowdown or recession will reduce aggregate demand and most likely reduce inflationary pressures. That would also remove the need for central banks to continue tightening monetary policy and potentially force them into a new easing cycle, which could signal a return to growth for the markets. In terms of sectors, we are likely to see more rotation from so-called cyclical to growth-oriented areas, depending on how investors interpret these lagging monetary policy changes.

Against this backdrop, however, we are excited to see many of the stocks we like now trading at more attractive valuations. We will seek to invest in these opportunities while maintaining relatively high cash and short positions to protect the Fund from the downside.

Glossary

Dividend yield

A ratio that indicates how much a company pays out in dividends each year relative to its share price.

Earnings yield

A company's earnings per share over a 12-month period divided by its share price and expressed as a percentage, the earnings yield is the reciprocal of the price-to-earnings (P/E) ratio and is a measure of the rate of return on an equity investment.

Earnings before interest and tax (EBIT)

A measure of a company's profitability, EBIT is all profits before deducting interest payments and income tax expenses. It is calculated as revenue minus cost of goods sold and operating expenses.

Price-to-book ratio (P/B)

The ratio of a company's current share price to its book value (total assets minus intangible assets and liabilities). It is an indicator of the value of a company by comparing its share price to the amount of the company's assets that each share is entitled to.

Price-to-earnings ratio (P/E)

The ratio of a company's current share price to its per-share earnings, P/E is used as an indicator of the value of a company by comparing its share price to the amount of per-share earnings the company generates. A high P/E ratio suggests that the company's share price is expensive relative to the company's profits, which usually implies that investors are expecting the company's future profits to grow quickly.

Return on equity (RoE)

RoE is a measure of a company's profitability and the efficiency with which it generates earnings from every unit of the funds that shareholders have invested in it. It is calculated as profit (or net income after taxes) divided by shareholders' equity.

Purchasing Managers' Index (PMI)

An indicator of the economic health of the manufacturing sector. It is derived from monthly surveys of purchasing executives at private sector companies and is based on five major indicators: new orders, inventory levels, production, supplier deliveries and employment environment. A reading of greater than 50 indicates expansion of the manufacturing sector when compared to the previous month, while a reading of under 50 represents a contraction.

Quantitative easing (QE)

A monetary policy used by central banks to increase the supply of money by buying government bonds (and, to a lesser extent, other assets such as corporate bonds and shares) from the market. The intended outcome is to lower the yield on those assets, increase the total money supply in the financial system, and encourage more lending by banks and thus greater economic activity. Central banks use QE to stimulate the economy when interest rates are already at or close to zero.

Shorting

Short-selling or "shorting" is a transaction aimed at generating a profit from a fall in the price of a particular security, index, commodity or other asset. To enter into a short sale, an investor sells securities that are borrowed from another. To close the position, the investor needs to buy back the same number of the same securities and return them to the lender. If the price of the securities has fallen at the time of the repurchase, the investor has made a profit. Conversely, if the price of the securities has risen at the time of the repurchase, the investor has incurred a loss.

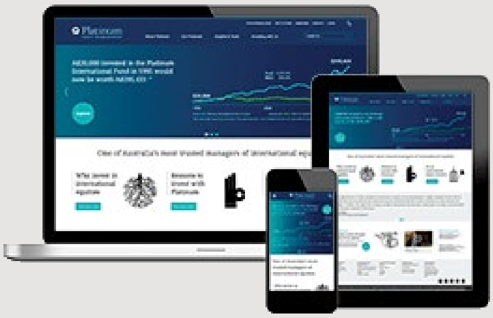
Yield

Yield refers to the income generated from an investment (such as interest from cash deposits, dividends from a shareholding, or rent from property), usually expressed as an annual percentage rate based on the cost of the investment (known as cost yield) or its market price (known as current yield). For bonds, the yield is the same as the coupon rate (assuming the bond is purchased at par or is trading at par). Any increase or decrease of the yield relative to the coupon rate is approximately inversely proportional to any change in the bond price (yields fall as prices rise, and vice-versa).

Yield curve

A yield curve plots the interest rates (or yields) of comparable debt instruments with different maturities. Starting on the left with the yields of shorter-term instruments, the curve typically slopes upwards to the right, reflecting investors' desire to be compensated for the uncertainty associated with locking their money away for longer periods of time. An inverted yield curve occurs when longer-term debt instruments have a lower yield than shorter-term debt instruments, reflecting expectations of weaker economic conditions – and hence lower interest rates – in the future.

The Journal



You can find a range of thought-provoking articles and videos on our website. For ad hoc commentary on the latest market trends and investment themes, look up **The Journal** under **Insights & Tools**.

If you find yourself short on time to read our in-depth **reports** and **articles**, have a listen to our Quarterly Reports in **audio podcasts** or watch brief market updates in **video** format.

Recent highlights include:

- **Webinar and Article - Market Update: Inflation Takes its Toll on Markets.**[1] In this webinar, CEO and co-CIO Andrew Clifford talks with investment specialist Julian McCormack on the impact of inflation, rising interest rates, the Russia-Ukraine conflict and the re-emergence of Covid in China on global equity markets. Against this market backdrop, Andrew discusses Platinum's investment approach, drivers of recent returns and where the team is investing.
- **Video – Biotech, Down but Absolutely Not Out.**[2] It has been a difficult 12 months or so for biotech, but portfolio manager Dr Bianca Ogden believes the sector is “absolutely not broken” – far from it. Innovation continues and balance sheets are stronger than ever with a lot of cash sitting on the sidelines, paving the way for industry consolidation and ongoing investment in next-generation technologies and drug discovery.
- **Video – Turmoil Provides Catalyst for Significant Investment in Europe.**[3] It is no surprise that investor sentiment has turned negative on Europe. However, recent events are providing catalysts for significant change, with Europe looking to massively invest to be self-reliant in supply chains and energy. This is providing tailwinds for some of our long-term holdings, but it’s also creating opportunities in new emerging companies, as portfolio manager Adrian Cotiga explains.
- **Video – Defensive Stocks Not So Defensive After All?**[4] US consumer stocks have taken a hit this year. Rate rises, geopolitical issues, withdrawal of fiscal stimulus and excess inventory are all taking their toll on company sales and profit margins. Portfolio manager Jamie Halse discusses his thoughts on current valuations, why defensive companies aren’t necessarily great investments and where he is finding value outside the US.
- **Article – Japan Dominating Highly Profitable Niches.**[5] Japan is home to many well-run, globally dominant businesses. Some of the best businesses in Japan are those that many investors have never heard of, making obscure products that dominate a market most investors have never thought about, as Tom Tao and Jamie Halse explain.
- **Audio – Remember the Tech Wreck? This is Worse.**[6] In this episode of *Your Wealth*, Julian McCormack chats with nabtrade’s Gemma Dale on the recent market rout. Is the recent sell-off in global equities going to repeat history?
- ***Investing for Life* Podcast – Kerr Neilson, Co-Founder, Platinum Asset Management.**[7] Kerr Neilson shares a rare insight into his life growing up, how his father’s business challenges shaped his views on entitlement and hard work, learning the difference between luck and competitive advantage in investing, and how insecurities and the drive to win led to the creation of Platinum.

1 https://www.platinum.com.au/Insights-Tools/The-Journal/Market-Update-Inflation-Takes-its-Toll-on-Markets
2 https://www.platinum.com.au/Insights-Tools/The-Journal/Video-Biotech-Down-but-Definitely-Not-Out
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6 https://www.platinum.com.au/Insights-Tools/The-Journal/Remember-the-Tech-Wreck-This-is-Worse
7 https://www.platinum.com.au/Insights-Tools/The-Journal/Investing-for-Life-Podcast-11

Some Light Relief

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 of the Fund 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. Where applicable, the gross MSCI index was used prior to 31/12/98. 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 MSCI index in AUD.
3. The geographic disposition of assets (i.e. other than "cash" and "shorts") 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. With effect from 31 May 2020, country classifications for securities were updated to reflect Bloomberg's "country of risk" designations and the changes were backdated to prior periods. "Shorts" show the Fund's exposure to its short securities positions and short securities/index derivative positions, as a percentage of its portfolio market value. "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 net exposures to the relevant sectors through its long and short securities positions and long and short 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".

   The Platinum Global Fund (Long Only) does not undertake any short-selling of stocks or indices. As a result, its net sector exposures through its securities positions and securities/index derivatives positions are its sector exposures through its long securities and long securities/index derivatives positions.
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.

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Investor services numbers

Monday to Friday, 8.30am – 6.00pm AEST

1300 726 700

0800 700 726
New Zealand only

Or visit us at our office

Level 8, 7 Macquarie Place, Sydney

Platinum Asset Management is a Sydney-based manager specialising in international equities. The investment team uses a thematic stock-picking approach that concentrates on identifying out-of-favour stocks with the objective of achieving superior returns for our clients. We pay no heed to recognised indices. We aim to protect against loss and will hedge stocks, indices and currencies in our endeavours to do so.

The firm was founded in February 1994 by a group of professionals who had built an enviable reputation. The investment team has grown steadily and Platinum now manages around A$18 billion. Platinum's ultimate holding company, Platinum Asset Management Limited (ASX code: PTM), listed on the ASX in May 2007.

Since inception, the Platinum International Fund has achieved superior returns to those of the MSCI AC World Net Index (A$)* and considerably more than interest rates on cash.

* Please refer to page 2.

Platinum®
ASSET MANAGEMENT

Level 8, 7 Macquarie Place
Sydney NSW 2000

GPO Box 2724
Sydney NSW 2001

Telephone
1300 726 700 or +61 2 9255 7500
0800 700 726 (New Zealand only)

Facsimile
+61 2 9254 5590

Email
invest@platinum.com.au

Website
www.platinum.com.au