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**Platinum
Capital[®] Limited**
**Quarterly Investment
Manager's Report**

30 September 2020



Platinum[®]
CAPITAL LIMITED

ABN 51 063 975 431

Investment Update

by Andrew Clifford, Portfolio Manager

Performance

(compound p.a.* to 30 September 2020)

	QUARTER	1 YR	3 YRS	5 YRS	SINCE INCEPTION
Platinum Capital Limited	0.2%	-6.2%	1.4%	4.9%	11.2%
MSCI AC World Index [^]	3.9%	3.9%	10.4%	9.9%	7.1%

PMC's returns are calculated using PMC's pre-tax net tangible asset (NTA) backing per share as released to the ASX monthly. PMC's returns are calculated after the deduction of fees and expenses, have been adjusted for taxes paid and any capital flows, and assume the reinvestment of dividends.

PMC's returns are not calculated using PMC's share price.

Portfolio inception date: 29 June 1994.

* Excluding quarterly returns.

[^] Index returns are those of the MSCI All Country World Net Index in AUD.

Historical performance is not a reliable indicator of future performance.

Source: Platinum Investment Management Limited for PMC's returns;

FactSet Research Systems for MSCI Index returns. See note 1, page 11.

Net Tangible Assets

The following net tangible asset backing per share (NTA) figures of Platinum Capital Limited (PMC) are, respectively, before and after provision for tax on both realised and unrealised income and capital gains.

	PRE-TAX NTA	POST-TAX NTA
30 June 2020	\$1.4080	\$1.4231
31 July 2020*	\$1.3752	\$1.3855
31 August 2020*	\$1.4051	\$1.4067
30 September 2020	\$1.3909	\$1.4043

* Ex-dividend. Adjusted for the 30 June 2020 final dividend of 3 cents per share, declared on 21 August 2020 and paid on 21 September 2020.

Source: Platinum Investment Management Limited.

In Brief:

- Global equity markets continued their rally over the quarter. In the context of extraordinary business and job uncertainty, this is a surprising performance by markets.
- Underlying the headline numbers, we have a two-speed share market. The 'high-speed market' is forging strongly ahead, led by fast-growing stocks. Meanwhile, the 'low-speed market' comprises all the other stocks, that by and large are performing as expected during a major economic collapse.
- Over the course of the last two years, we have steadily reduced our exposure to these higher-growth names, which has impacted PMC's performance. Prior to COVID, these companies had achieved generous valuations that on average implied poor future returns.
- Cautious positioning of the portfolio, with respect to cash holdings and short positions, has also detracted from PMC's performance.
- At an individual stock level, LG Chem (+33%), FedEx (+79%) and Freeport-McMoRan (+35%) provided strong performance over the quarter.
- Our portfolio consists of companies that typically have strong positions in their respective industries, are poised to benefit as economies recover in the post-COVID era over the next three to five years, and are attractively priced relative to our assessment of their prospects.
- While the opportunities that we see in PMC's holdings are reason to expect that reasonable investment returns can be produced, there are likely to be many market, political and economic surprises ahead.

Global equity markets continued their rally over the quarter, rising an additional 4%.¹ At their highest point during the quarter, markets were just 6% below the peak levels reached in February this year. The result is even more impressive when considering a strong Australian dollar reduced returns by 4% over the period. In US dollar (USD) terms, markets briefly surpassed their previous peaks.

While the global economy is recovering well as it approaches the beginning of the post-COVID era, the damage in terms of business closures and job losses is far from clear. In the context of the extraordinary uncertainty, this is a surprising performance by markets. However, underlying the headline index numbers, is a very different picture - one of a two-speed share market.

The 'high-speed market' is forging strongly ahead, led by fast-growing stocks, many of which have had their bright prospects reinforced by the events of the last eight months. While this is a relatively small group of companies, they are large by market capitalisation (and thus have a disproportionate effect on market indices) and many of these stocks have reached extraordinary valuations (please see our discussion on Tesla versus Toyota in our Macro Overview).

In the past, we have used the performance of 'growth' indices as a representative of these high-performing stocks. During the quarter, growth stocks rose over 8%, surpassing their peak mid-February levels by over 4%.² Within this group, there are numerous stocks, like Tesla for example, that are above levels of earlier this year by 100% or more. The prospects of many of these companies are no doubt very bright, and on this we have no argument. Interest rates have fallen further over the course of the last eight months and this supports a disproportionate increase in valuations for fast-growing companies over their more sluggish peers. Though we would point out that this fall in interest rates has perhaps been offset by a significant increase in uncertainty and risk, which would usually have the opposite effect.

Over the course of the last two years, we have steadily reduced our exposure to these higher-growth names, which has impacted PMC's performance. Prior to COVID, these companies had achieved generous valuations that on average implied poor future returns. The monetary and fiscal responses of central banks and governments around the world to the pandemic have created a huge inflationary pulse that has been experienced not in goods and services, but in

Disposition of Assets

REGION	30 SEP 2020	30 JUN 2020
Asia	28%	27%
North America	25%	25%
Europe	17%	18%
Japan	12%	14%
Australia	3%	3%
Africa	1%	1%
South America	0%	1%
Cash	13%	11%
Shorts	-15%	-9%

Numerical figures have been subject to rounding. See note 2, page 11.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	30 SEP 2020	30 JUN 2020
Industrials	18%	15%
Information Technology	15%	16%
Consumer Discretionary	14%	11%
Materials	13%	12%
Financials	10%	11%
Health Care	7%	9%
Communication Services	5%	7%
Real Estate	2%	2%
Energy	1%	2%
Consumer Staples	0%	-2%
Other	-12%	-3%
TOTAL NET EXPOSURE	72%	79%

Numerical figures have been subject to rounding. See note 3, page 11.
Source: Platinum Investment Management Limited.

1 MSCI All Country World Net Index. References to returns and performance contributions (excluding individual stock returns) in this Platinum Capital Limited 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.

2 Source: MSCI AC World Growth Index, Australian dollars.

asset prices, including these 'growth' stocks. Today, our view is that this part of the stock market is in the grip of a good old-fashioned speculative bull market. We have been here before numerous times, and we believe this will most likely end badly, particularly for those who invest late in the cycle. We cover our views on this phenomenon in much greater detail in our Macro Overview.

Meanwhile, the 'low-speed market' comprises all the other stocks, that by and large are performing as expected during a major economic collapse. As we have noted in past reports, we use the performance of 'value' indices to represent this low-speed stock market. Over the last three months, value stocks were essentially flat, they remain 19% below their February peaks, and have bounced just 10% off their March lows.³ Now, admittedly, the companies that we own and have been buying, have typically performed somewhat better than this, as the stocks represented in these value indices are not really our hunting ground. These tend to be the stocks that are out-of-favour for good reason. But it gives a sense of how different performance has been across the market. And as we have noted previously, over long periods of time, value has outperformed growth, though it has been over a decade since this has happened for any length of time. **The important point though, is that the weak part of the stock market is where we see the most interesting opportunities.** It is in companies from this part of the market, that we expect will see their prospects continue to improve as we move toward a post-COVID environment.

³ Source: MSCI AC World Value Index, Australian dollars.

Net Currency Exposures

CURRENCY	30 SEP 2020	30 JUN 2020
US dollar (USD)	22%	3%
Euro (EUR)	20%	25%
Chinese yuan (CNY)	17%	18%
Japanese yen (JPY)	12%	20%
Australian dollar (AUD)	12%	13%
Korean won (KRW)	6%	6%
Canadian dollar (CAD)	3%	2%
Hong Kong dollar (HKD)	3%	4%
Taiwan dollar (TWD)	1%	0%
Zambian kwacha (ZMK)	1%	1%
Indian rupee (INR)	1%	1%
British pound (GBP)	1%	1%
Danish krone (DKK)	1%	1%
Brazilian real (BRL)	0%	1%
Norwegian krone (NOK)	0%	2%
Swiss franc (CHF)	0%	2%

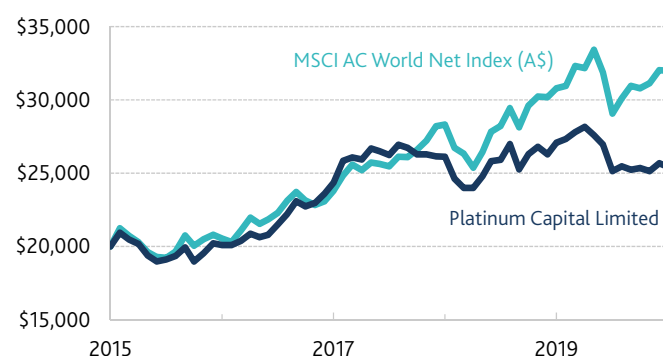
Numerical figures have been subject to rounding. See note 4, page 11.
Source: Platinum Investment Management Limited.

The other element of PMC's performance has been the cautious positioning of the portfolio in recent years, with cash holdings and short positions detracting from returns. While this cautiousness has resulted in PMC lagging the market's performance, this disparity in performance has predominantly occurred over the last two years. As can be seen in the performance chart below, PMC delivered a similar performance to the market over the period to 31 December 2018. The performance in the subsequent period has dragged down the results across the longer time frames shown in the performance table on page 2. Undoubtedly, investors will be disappointed and frustrated with these results. However, we strongly believe that markets remain in a highly speculative phase, and despite results to date, cautious positioning remains warranted.

At an individual stock level, we continue to see good outcomes from many of our individual holdings. **LG Chem** (+33%) has seen strong demand for its electric vehicle batteries and continues to invest to expand its capacity in battery manufacturing. **FedEx** (+79%) has seen an impressive turnaround in profitability as e-commerce deliveries have risen sharply. **Freeport-McMoRan** (+35%) responded to increases in the copper price. PMC's low exposure to the USD was also beneficial to returns as it broadly fell against the major currencies over the quarter.

Value of \$20,000 Invested Over Five Years

30 September 2015 to 30 September 2020



The investment returns depicted in the graph are cumulative on A\$20,000 invested in PMC over the specified period relative to the specified MSCI index in AUD. PMC's returns are calculated after the deduction of fees and expenses, have been adjusted for taxes paid and any capital flows, and assume the reinvestment of dividends. **PMC's returns have not been calculated using PMC's share price.**

Historical performance is not a reliable indicator of future performance.

Source: Platinum Investment Management Limited for PMC's returns; FactSet Research Systems for MSCI Index returns. See note 1, page 11.

Changes to the Portfolio

PMC's net invested position was reduced over the quarter from 79% to 72%, reflecting an increase in cash and short positions. The short positions were predominantly on the Nasdaq 100 Index as the make-up of this index has a significant weighting of highly valued growth stocks. A number of small individual stock shorts were also added as we continue to look for opportunities to provide downside protection for PMC.

A number of new holdings were added to PMC during the quarter. **Largan Precision** (Taiwan) is the leading provider of camera lenses for mobile phones. Generally, component suppliers to phone makers have been out-of-favour due to flat sales and uncertainty created by US bans on the sale of technology to Huawei, the world's largest manufacturer of handsets. We are of the view there is likely to be a pick-up in handset sales as a result of both investment by 5G networks and camera upgrades in new models. Of course, cameras have taken on an even greater importance as a feature given the boom in video conferencing.

Li Ning is a Chinese sports apparel business that competes with the likes of Nike, Adidas, and local companies, such as Anta Sports Products (also held in PMC). Li Ning was established by its namesake, who won a gold medal in gymnastics at the 1984 Los Angeles Olympic Games. The brand was the "original" domestic sports brand, but struggled for a number of years in what has been a torrid competitive environment. Improvements in product design and a refreshed brand has seen the company turn its fortunes around, resulting in a strong improvement in sales and profits. Given the deterioration in US-China relations, we think that Chinese consumers will show a tendency to move toward brands with Chinese heritage in the years ahead.

InterGlobe Aviation is our most recent travel-related investment. InterGlobe is the owner of India's largest airline, IndiGo, whose low-cost carrier model, which started in 2006, has become the dominant airline in India with almost half of the domestic passenger market. India is already the third-largest domestic air travel market (behind only the US and China) with over 140 million annual trips (pre-COVID) and growing at rates of around 10% p.a.⁴ The company is poised to continue its impressive growth rate for some time to come given the low penetration of air travel in India relative to other emerging markets.

Otherwise, activity in the portfolio included trimming a large number of holdings that have performed well, including Tencent, Alibaba, Alphabet, LG Chem and ZTO Express.

⁴ Source: InterGlobe Aviation, Directorate General of Civil Aviation (DGCA).

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Samsung Electronics Co	Korea	Info Technology	3.7%
Ping An Insurance	China	Financials	3.3%
Amadeus IT Holdings	Spain	Info Technology	2.9%
Glencore plc	Australia	Materials	2.5%
AIA Group Ltd	Hong Kong	Financials	2.5%
Booking Holdings Inc	US	Cons Discretionary	2.4%
Bayerische Motoren Werke	Germany	Cons Discretionary	2.3%
ZTO Express Inc ADR	China	Industrials	2.3%
Minebea Co Ltd	Japan	Industrials	2.3%
General Electric Co	US	Industrials	2.2%

As at 30 September 2020. See note 5, page 11.

Source: Platinum Investment Management Limited.

Outlook

Our portfolio consists of companies that typically have strong positions in their respective industries, are poised to benefit as economies recover in the post-COVID era over the next three to five years, and are attractively priced relative to our assessment of their prospects. This assessment would generally lead us to be quite optimistic about future returns. On the other hand, there are extraordinary developments within the global economy. Spending patterns are changing, reflecting the response by consumers, businesses and governments to the pandemic, some of which will recede as we move beyond the lockdowns and travel restrictions. There has been an unprecedented creation of new money (and debt), contributing to what appears to be a speculative mania taking place in parts of the stock market. The US election outcome and US-China relations could also be added to the list. It is, without doubt, a complex environment and predictions are fraught with danger.

So, we will conclude simply stating that while the opportunities that we see in PMC's holdings are reason to expect that reasonable investment returns can be produced, there are likely to be many market, political and economic surprises ahead.

For further details of PMC's invested positions, including country and industry breakdowns and currency exposure, updated monthly, please visit www.platinumcapital.com.au.

Macro Overview

by Andrew Clifford, CIO, Platinum Investment Management Limited

Over the last three months, stock markets have continued to rally strongly as economic activity started to recover from the depths of the COVID-induced recession. As a result of the lockdowns that have been put in place to control the spread of the virus, there have been significant changes in spending and working patterns across economies.

These changes, together with rapid and large increases in money supply, have unleashed a speculative mania in 'high growth' companies and other beneficiaries of the changing environment, while the balance of the market remains mired in a traditional bear market. **We believe extreme caution is warranted in regards to the market's current 'high flyers', while opportunities abound elsewhere.**

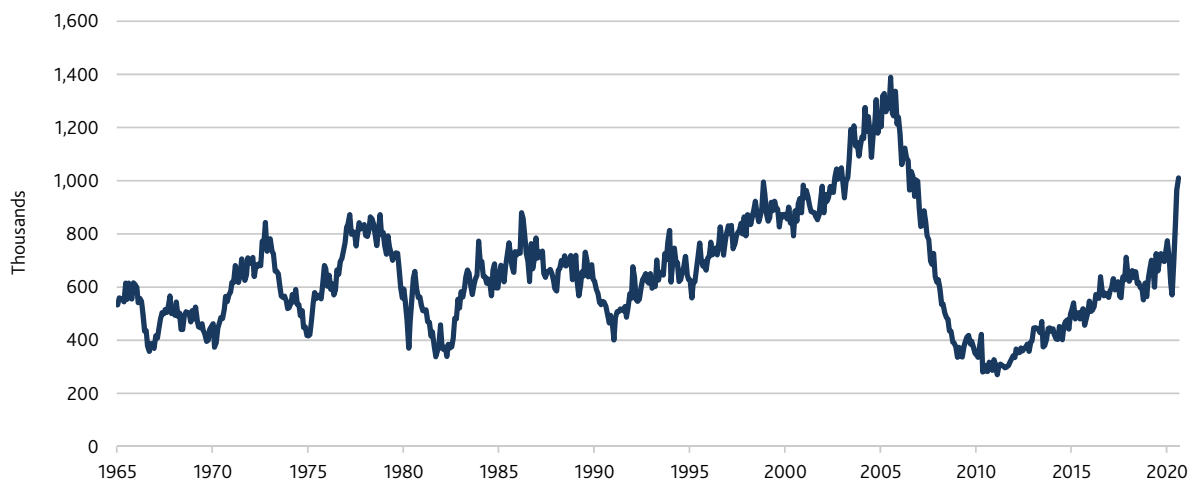
Not all changes in spending patterns will be sustained.

Many changes in our patterns of behaviour make entire sense given the circumstances. Faced with being either unable or not wanting to leave the house to shop, many consumers have taken to ordering groceries online for the first time. In many locations there is evidence of new adopters continuing to use such services, even as restrictions have eased. There are numerous examples that fit into this category, including video streaming services, such as Netflix or video conferencing products, such as Zoom.

Other changes have perhaps been somewhat more surprising. For example, in the US, we have seen extraordinarily strong new home sales (see Fig. 1). In one sense, the lift in home sales is understandable, as people opt for a different location and type of residence in an era of more flexible working arrangements, particularly the ability to work from home. The cost of financing major purchases, such as homes and cars, has fallen with lower interest rates. However, for households to be taking on such major financial commitments in the midst of a deep recession and extraordinary uncertainty is concerning.

What is often overlooked when observing these changing spending patterns is that they have been funded by the collapse in spending elsewhere, such as travel and restaurants. In a post-COVID environment, when people can once again spend money on such activities, the boost in spending in other areas will likely wane. For some areas, where activity has simply transferred from offline to online, such as grocery shopping, this may hold up, but even here, growth rates are likely to fade, as these businesses will have moved closer to maturity.

Fig. 1: New One-Family Houses Sold: United States



Source: Federal Reserve Bank of St Louis.

One area of changed spending that will likely persist for some time, is government spending. However, the emphasis of government spending will likely shift from shorter-term support measures, such as the JobKeeper Payment scheme in Australia, to longer-term projects, such as infrastructure and incentives for investment. Environmental initiatives to reduce the use of fossil fuels and plastics for instance, are likely to be an ongoing part of government spending in much of the world.

Changes in spending patterns have often reinforced investors' views of different sectors held prior to the pandemic.

Businesses that have benefited from changes in consumer behaviour were in many cases ones that were already growing quickly. Examples include most forms of e-commerce from online shopping to food delivery services, online computer games, and video streaming services. Other favoured investments prior to the pandemic included defensive investments, such as consumer staples, that have seen sales grow not only from stocking up pantries as the lockdowns came into effect, but from greater consumption as people spent more time at home. On the other side, more cyclical businesses that were already struggling as a result of the US-China trade war and low growth, such as commodity producers, have suffered even further due to the collapse in economic activity.

Over the last two years, we have discussed on numerous occasions how investors, faced with low interest rates, have sought better returns from asset classes that they might otherwise have avoided, such as equities. As this has come at a time when there was already great uncertainty, such as rising geopolitical tensions and with many traditional businesses disrupted by e-commerce and other technology, investors have shown a strong preference for perceived 'low-risk' businesses. Predominantly, these were in high-growth areas (i.e. e-commerce, payment systems and software as a service), as well as defensive businesses (i.e. consumer staples, real estate, utilities and infrastructure). At the same time, investors were avoiding businesses with any degree of uncertainty or cyclicity.

While some businesses (e.g. those in the travel-related sector including infrastructure such as airports, real estate such as CBD offices and shopping malls) have changed sides from being in the loved 'high growth and certainty' grouping to the neglected 'cyclical and uncertainty' grouping, by and large the economic impacts of the pandemic have reinforced investors' pre-existing views and preferences.

This is a particularly dangerous environment for investors as our cognitive biases come to the fore.

It is well documented that our cognitive biases¹ play a major role in our decision making, and when it comes to investing we are deeply exposed to the role these biases play. Our short summary is that investors tend to over-emphasise and over-extrapolate the short-term trends and events - both the good and the bad.

This makes the current moment in time particularly worrisome. Prior to the pandemic, investors already held enthusiastic views of the prospects of many of the fast-growing companies. These views have now been reinforced even further by the additional boost to revenues they have received. As share prices move rapidly higher, this further reinforces the idea that these companies make great investments.

Ultimately, the value of a business is determined by the entirety of its future profits, for 10 years and beyond. The question is whether the boost to the short-term picture justifies the significant share price rises that have occurred? In some cases, it may well do. We have seen some companies that were expected to be lossmaking for a number of years turn profitable far sooner. However, there is plenty of complexity in assessing the prospects of fast-growing companies, especially when one must make assessments of revenues and profits into the distant future.

¹ Cognitive biases are the systematic ways in which we frame and process information, which can lead to irrational judgements and decision making. For a comprehensive read on the topic, please see Daniel Kahneman's *Thinking Fast and Slow*. Or for a much briefer overview, see our publication *Curious Investor Behaviour* as well as various other articles and materials at: <https://www.platinum.com.au/Insights-Tools/Investment-Fundamentals/Curious-Investor-Behaviour>.

The role of excess money creation provides an alternate story for why share prices of growth stocks are running hard.

While there is much discussion around the potential of the 'new economy' at the moment, the other factor at play in the rebound in markets is the rapid growth in money supply. As we discussed in our last quarterly update,² this increase in money circulating in the economy reflects the way governments have funded their monetary and fiscal policy initiatives. When the growth in money supply exceeds economic output, it will necessarily result in inflation. Although inflation has not yet appeared in goods and services (or the consumer price index), it has appeared in asset prices, such as bonds and some parts of the stock market. Is it the bright prospects of the growth stocks that have driven markets or the inflationary effects of the printing presses?

We would answer this question by looking at valuations. What we see across many of the much-loved stocks of the moment are valuations that are hard to justify no matter how bright their prospects are. As one example, the market value of Tesla today is around US\$400 billion and the company is expected to sell in the order of 480,000 vehicles this year. This compares with Toyota, which is valued at just under US\$200 billion and will likely sell around 9.5 million vehicles i.e. around 20 times more than Tesla.³

Of course, this simple comparison doesn't do justice to Tesla's achievements in leading the electric vehicle revolution and the developments they are driving in battery technology. Still it could be argued that Toyota, having launched the first hybrid electric vehicle, the Prius, in 1997, knows a thing or two about making and selling electric cars. The prospects for Tesla are most certainly bright in our view and ultimately, they may achieve enough to justify this lofty valuation. However, the company must still jump a huge hurdle just to meet current market expectations.

² https://www.platinum.com.au/PlatinumSite/media/Reports/pclqtr_0620.pdf

³ Source: FactSet Research Systems, company reports, Platinum Investment Management Limited.

The run-up in the market is not just about the valuations of one or two hot stocks that are inconsequential in size. There are many stocks, and in aggregate the market capitalisations of these high flyers readily run into hundreds of billions, even trillions of dollars. This phenomenon is of course well understood and splashed across the front pages of the financial press, and yet it continues. Perhaps equally disturbing, is that the safe and comfortable option to invest in growth has been in companies such as Microsoft, Facebook, Alphabet and Apple. These are fine companies with good prospects (ignoring any anti-trust concerns), however, they have steadily revalued over time and now trade at generous valuations, though nowhere near as challenging as Tesla.

This brings us back to the question of money printing. If it is the inflationary effects of money printing that has driven stocks to these lofty levels, then it probably needs to continue to keep the market rally going. At the time of writing, additional stimulus measures are being debated in the US. Whether there is an agreement before the 3 November US election or not, it is probably a reasonable assumption that over the course of the next 18 months, governments around the world will continue to increase their spending, and it will probably be funded by borrowing from the banking system. However, as economies start growing again, the excess of money creation over economic output will most likely reduce.

The risk for investors in equity markets today is the highly valued growth stocks. The opportunity is in companies that will benefit as we move into the post-COVID environment.

There is much discussion about a new world for investing, or a new paradigm if you will, marked by interest rates at or around zero for the foreseeable future and the never-ending march of new technology continually changing the business landscape. This new environment renders all the old rules of investing null and void. Perhaps? Or is this just another version of the four most expensive words in investing: This time is different? Alternatively, it may just be a good old-fashioned bull market, driven by a great story and excess money supply, reinforced by our cognitive biases that lead us to emphasise recent events and trends.

There are plenty of warning signs to suggest what we have here is simply a speculative mania:

- A buoyant market for new listings with companies often debuting on the market at prices as high as 50% or more above their issue price.
- High levels of retail investor activity, not just in shares but also in the options market.
- The stories of fortunes made and lost overnight by small investors that are regularly shared on internet blogs and even in the traditional financial press.
- And every good bull market needs an innovative financing vehicle and this time we have Special Purpose Acquisition Companies (SPACs). The premise here is that investors invest their cash in a SPAC and the promoters will find a great company to buy from the private markets with the funds. For those who have been around long enough, it sounds very similar to the 'cash box' listings in the bull market of the 1980s, and most of these didn't end well for investors.

What brings it to an end and when that happens are the great unanswerable questions, as has been the case in past speculative markets. One thing we do know though, is that manias tend to end suddenly and abruptly. The significant bull markets of the last 40 years have come to an end when monetary conditions tightened. Typically, this has been marked by rising interest rates, which for the moment seems inconceivable. Perhaps a slowing of money creation at a time when economic activity is rising will represent the tightening in liquidity, even if interest rates do not budge significantly. Perhaps it will simply be when we are clear of the lockdowns and restrictions and the level of permanent business closures and job losses is much greater than thought and prospects for listed companies are much bleaker than expected.

Despite these unusual times, it is important to remain committed to our long-standing and consistent investment approach. We will focus on companies that others prefer to avoid, assess their potential over the medium term, and buy where their stock price implies an attractive return.

MSCI Regional Index Net Returns to 30.9.2020 (USD)

REGION	QUARTER	1 YEAR
All Country World	8.1%	10.4%
Developed Markets	7.9%	10.4%
Emerging Markets	9.6%	10.5%
United States	9.5%	16.4%
Europe	4.2%	-1.5%
Germany	8.3%	10.0%
France	2.8%	-6.2%
United Kingdom	-0.2%	-15.8%
Italy	1.3%	-10.1%
Spain	-3.8%	-21.0%
Russia	-4.7%	-16.0%
Japan	6.9%	6.9%
Asia ex-Japan	10.7%	17.8%
China	12.5%	33.6%
Hong Kong	1.6%	-1.6%
Korea	12.8%	18.6%
India	15.0%	0.5%
Australia	2.8%	-7.7%
Brazil	-3.3%	-32.5%

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.

MSCI All Country World Sector Index Net Returns to 30.9.2020 (USD)

SECTOR	QUARTER	1 YEAR
Consumer Discretionary	17.9%	29.2%
Information Technology	12.7%	44.8%
Materials	11.7%	11.7%
Industrials	11.2%	3.3%
Communication Services	7.3%	16.5%
Consumer Staples	7.2%	3.3%
Health Care	4.6%	21.6%
Utilities	4.0%	-3.7%
Real Estate	2.0%	-11.2%
Financials	1.4%	-15.5%
Energy	-12.8%	-39.0%

Source: FactSet Research Systems.
Total returns over time period, with net official dividends in USD.
Historical performance is not a reliable indicator of future performance.

The Journal

Visit www.platinum.com.au/Our-Products/PMC to find a repository of information about Platinum Capital Limited (PMC) including:

- Performance and NTA history
- Dividend history and the Dividend Reinvestment Plan
- ASX releases and financial statements
- Monthly updates on performance, portfolio positioning and top 10 holdings.

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Recent highlights include:

- **Article - A Diversified Vaccination Strategy Needs to be our Plan A.**¹ Portfolio manager, Dr Bianca Ogden explains why she believes that combating the coronavirus is a multi-phase battle that requires different generations of vaccines as well as therapeutic approaches.
- **Article - Lifestyle Shift & Urban Flight Spurs Change in Home Spend.**² COVID-19 has forced us to change our lifestyle and perhaps rethink where we live. James Foreman, investment analyst, discusses which businesses have fared well and the possible trends he sees ahead.
- **Video - Andrew Clifford, CIO Talks Performance and Platinum's Approach to Investing.**³ Andrew Clifford answers the most commonly-asked questions from our clients, focusing on the recent performance of the global equity strategy and Platinum's approach to investing.
- **Video - Speculative Market in Growth Stocks Gives Cause for Concern.**⁴ Markets have rebounded strongly from their March lows, despite entering one of the deepest economic downturns in history. But that's not the whole story. There are two very different markets – a speculative market in 'growth' stocks and 'the rest'. With 30+ years' investment experience, Andrew Clifford explains why he believes there is a need for caution.
- **Video – Tapping into the Rising Asian Consumer Beyond China.**⁵ The rising Asian consumer theme extends beyond China and there are plenty of enticing and attractively valued investment opportunities on offer. Portfolio manager, Dr Joseph Lai shares his excitement for the region.
- **Video - Market Dislocation Creates Opportunities.**⁶ The investment narrative around travel is understandably negative right now, but therein lies the opportunity. Recessions, wars and technological change have not thwarted the industry's impressive growth in the past 50 years, but will it be different this time? Portfolio manager, Clay Smolinski shares his insights and explains why Platinum is investing in this sector.



1 <https://www.platinum.com.au/Insights-Tools/The-Journal/A-Diversified-Vaccination-Strategy>

2 <https://www.platinum.com.au/Insights-Tools/The-Journal/Lifestyle-Shift-Urban-Flight-Spurs-Change>

3 <https://www.platinum.com.au/Insights-Tools/The-Journal/Andrew-Clifford-Talks-Performance>

4 <https://www.platinum.com.au/Insights-Tools/The-Journal/Video-Speculative-Market-in-Growth-Stocks>

5 <https://www.platinum.com.au/Insights-Tools/The-Journal/Tapping-into-the-Rising-Asian-Consumer-Beyond-China>

6 <https://www.platinum.com.au/Insights-Tools/The-Journal/Market-Dislocation-Creates-Opportunities>

Notes

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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. PMC's returns are calculated by Platinum using PMC's pre-tax net tangible asset (NTA) backing per share (as released to the ASX monthly). PMC's returns are calculated after the deduction of fees and expenses, have been adjusted for taxes paid and any capital flows, and assume the reinvestment of dividends. **PMC's returns have not been calculated using PMC's share price.**

The MSCI index returns are in AUD, are inclusive of net official dividends, but do not reflect fees or expenses. 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, PMC'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 PMC's underlying assets and other risk factors associated with investing, investment returns can be negative, particularly in the short term.

2. The geographic disposition of assets (i.e. other than "cash" and "shorts") shows PMC'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 PMC'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.
3. The table shows PMC'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".
4. The table shows PMC's net exposures to the relevant currencies through its long and short securities positions, cash at bank, cash payables and receivables, currency forwards and long and short securities/index derivative positions, as a percentage of its portfolio market value. Currency classifications for securities reflect the relevant local currencies of the relevant Bloomberg country classifications. The table may not exhaustively list all of PMC's currency exposures and may omit some minor exposures.
5. The table shows PMC'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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