Platinum Investment Bond™ - Platinum Asia Fund

Quarterly Investment Manager's Report

30 June 2023

Platinum
ASSET MANAGEMENT

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Investment Update

Platinum Investment Bond - Platinum Asia Fund (PIBPAF)

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Performance

(compound p.a.+ to to 30 June 2023)

	QUARTER	1 YR	3 YRS	5 YRS	SINCE INCEPTION
Platinum Asia Fund*	-0.8%	2.1%	3.3%	4.9%	12.5%
MSCI AC Asia ex J Index^	-0.7%	2.1%	2.3%	3.1%	8.7%

+ Excluding quarterly returns.

* The returns shown are for the Platinum Asia Fund C Class (launched on 4 March 2003). It is one of the investment options available for investors in the Platinum Investment Bond, which was launched on 23 March 2021. Investors in the Platinum Investment Bond will not have experienced the returns prior to 23 March 2021 and the historical data is provided for information purposes only.

^ 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 11.

In Brief:

- Key contributors to the Fund's performance included Indian holdings InterGlobe Aviation and Macrotech Developers.
- Our semiconductor holdings Samsung Electronics, SK Hynix, Soulbrain and Taiwan Semiconductor Manufacturing also provided a positive contribution.
- Key detractors were JD.com, Tencent, ZTO Express, China Resources Land and China Vanke.
- We continued to build our relatively new position in Chinese EV battery maker CATL and started a new position in Indonesian retailer MAP Aktif Adiperkasa.
- We remain optimistic about the prospects for the Asian region in the medium term. Most countries have navigated through a challenging period well, emerging from COVID lockdowns while keeping inflationary pressures at bay with central banks ahead of the curve on monetary policy.
- We continue to uncover new prospective investments across the region.

This commentary relates to the underlying fund, the Platinum Asia Fund (PAF).

The Fund (C Class) returned -0.8% for the quarter.[1]

India (+11%), Taiwan (+7%) and Vietnam (+5%) were among the better-performing markets across the region during the quarter, while the Chinese (-5%) and Hong Kong (-8%) markets underperformed.[2] With core inflation back at acceptable levels and headline inflation helped by moderating energy and food prices, many Asian central banks have paused rate hikes, with the likelihood of forthcoming rate cuts increasing. In China, the breadth and persistence of the post-COVID recovery have proven somewhat disappointing. While we have seen a noticeable recovery in the service sectors, such as travel, the broader consumption of goods has been somewhat lacklustre. Following a strong start to the year, new property sales also started to cool in April, with both land acquisition and new property launches softer. There has also been a noticeable pick-up in secondary property sales.

Our larger holdings in India performed well during the quarter. Leading airline **InterGlobe Aviation** (+37%) is seeing the benefit of constrained capacity due to engine supply issues combined with robust demand for travel, which is translating to a record-high domestic market share of >60%.[3] High passenger yields, easing fuel prices and high load factors all helped profitability significantly. At the recent Paris Air Show, the company announced a record 500-aircraft order with Airbus to support its capacity expansion plans into the mid-2030s. Property developer **Macrotech Developers** (+46%) appreciated on the back of persistent demand in new property sales across its core Mumbai market, despite mortgage rate increases, and expectations that connectivity of its large township developments will improve upon the completion of key transport infrastructure.

Faced with a slump in personal computer and mobile demand and customer de-stocking of memory chips, **Samsung Electronics** (+13%) announced meaningful production cuts to help stabilise DRAM pricing, which also helped **SK Hynix** (+30%). Growing optimism surrounding cloud customers' potential inventory build to serve generative-AI applications also improved sentiment. Somewhat related, Korean semiconductor etchants manufacturer **Soulbrain** (+7%) also appreciated. **Taiwan Semiconductor Manufacturing** (TSMC) (+8%) recorded

1 References to returns and performance contributions (excluding individual stock returns) in this PIBPAF 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 Nifty 50, Taiwan TAIEX, Vietnam VN Ho Chi Minh Index, Shanghai Shenzhen CSI 300, Hang Seng China Enterprises Index, respectively, in local currency. Source: FactSet Research Systems.

3 Source: Ministry of Civil Aviation (MOCA).

Disposition of Assets of PAF

REGION	30 JUN 2023	31 MAR 2023	30 JUN 2022
China	46%	49%	49%
South Korea	14%	13%	8%
India	9%	7%	9%
Taiwan	7%	6%	5%
Vietnam	7%	6%	6%
Hong Kong	3%	4%	4%
Philippines	2%	2%	2%
Indonesia	2%	1%	1%
Macao	2%	2%	2%
Thailand	1%	1%	0%
Singapore	1%	1%	1%
Cash	7%	7%	14%
Shorts	-6%	-5%	-1%

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

Net Sector Exposures of PAF

SECTOR	30 JUN 2023	31 MAR 2023	30 JUN 2022
Consumer Discretionary	18%	19%	20%
Information Technology	16%	14%	14%
Industrials	16%	14%	12%
Real Estate	13%	13%	13%
Financials	10%	11%	10%
Materials	4%	5%	3%
Consumer Staples	4%	4%	4%
Communication Services	4%	4%	4%
Health Care	1%	1%	1%
Other	0%	0%	4%
Energy	0%	0%	0%
TOTAL NET EXPOSURE	86%	87%	85%

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

Top 10 Holdings of PAF

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Taiwan Semiconductor	Taiwan	Info Technology	5.9%
Samsung Electronics Co	South Korea	Info Technology	5.4%
InterGlobe Aviation Ltd	India	Industrials	4.8%
Vietnam Enterprise	Vietnam	Other	4.7%
ZTO Express Cayman Inc	China	Industrials	4.5%
SK Hynix Inc	South Korea	Info Technology	4.1%
Ping An Insurance Group	China	Financials	3.8%
Tencent Holdings Ltd	China	Comm Services	3.6%
China Resources Land Ltd	China	Real Estate	3.3%
Macrotech Developers Ltd	India	Real Estate	3.1%

As at 30 June 2023. See note 4, page 11.
Source: Platinum Investment Management Limited.

further gains on a bottoming in the semiconductor cycle and enthusiasm around foundry demand for AI-related chips, including NVIDIA's graphics processing units (GPUs).

Among other strong performers, Chinese white goods and air conditioner (AC) manufacturer **Midea** (+9%) appreciated due to recovering domestic AC demand, the growing success of its premium brands and optimism around its faster-growing business-to-business (B2B) segment. **MAP Aktif Adiperkasa** (+23% from our first entry point during the quarter), a recent addition to the portfolio discussed below, also appreciated.

Larger portfolio holdings across the Chinese property and technology sectors were among the weaker performers during the quarter after a strong bounce post the COVID reopening. **JD.com** (-23%), **Tencent** (-14%) and **ZTO Express** (-12%) detracted from performance despite improving operational performance.

Chinese property developers **China Resources Land** (-7%), **China Overseas Land & Investment** (-10%) and **China Vanke** (-15%) dragged on performance after a strong six months. Contract sales have started to cool since April, with primary property prices also receding. Some of this sequential weakness can be attributed to seasonality, and we have seen some stabilisation in sales in June, with a number of local governments adjusting down-payment ratios lower. State-owned enterprises (SOE) developers continue to outperform the more challenged private developers.

Among other weaker performers, **Nine Dragons Paper** (-18%) fell on renewed weakness in Chinese paper prices. **Ayala Land** (-8%) was also weaker, despite a pause in rate hikes and property sales continuing to recover. Our short positions, in aggregate, were modest detractors to the Fund's returns.

Changes to the Portfolio

During the quarter, we reduced exposure to stronger-performing holdings. We trimmed Chinese hotel chain operator **H World Group** and travel website **Trip.com**. While remaining meaningful positions, we also reduced our Indian holdings, including **Macrotech Developers** and **InterGlobe Aviation**. We exited our position in Indian auto original equipment manufacturer (OEM) **Maruti Suzuki** as the business is reporting cyclically high profitability and the market has recognised the opportunity regarding new SUV model launches and market share gains in this important category. We also trimmed our holdings in Korean battery cell maker **LG Chem** and Chinese robotics company **Estun Automation.**

We increased our position in relatively new holding **Contemporary Amperex Technology Co. Ltd.** (CATL), China's leading electric vehicle (EV) battery maker, with a 37% global share and a 48% share in China in 2022.[4] CATL has a strong technology roadmap that we think should see it maintain a leading position in EV batteries, with battery chemistries suitable for low-, medium-, and high-range EVs. Particularly through advances in battery pack design, CATL has increased the pack-level power density of lithium iron phosphate (LFP) cell chemistry to help address medium-to-high-range EVs. CATL also remains the largest provider of energy stationary storage batteries and has a competitive NCM battery (a type of lithium ion battery) offering, currently supplying European OEMs. Concerns around a slowing Chinese EV market and OEMs not qualifying for benefits under the US Inflation Reduction Act (IRA) if CATL batteries are used in their supply chain have seen the shares sell off to more reasonable valuations. While EV penetration in China is much higher than in other countries (expected to reach 32% of sales in 2023[5]), EVs remain a fraction of the car fleet and an important pillar of China's broader decarbonisation plans.

The Fund also started a new position in **MAP Aktif Adiperkasa** (MAPA). MAPA is an Indonesian retailer that operates exclusive distribution licences for forty of the country's largest brands, with a skew towards sports categories and across a mix of ~1,300 mono-brand and omni-brand stores. MAPA remains a retail partner of choice for sports brands looking to build a presence in Indonesia, with strong relationships with mall operators via its parent company. Leveraging its partnership with brands, the business has also started to grow in the Philippines, Thailand, Malaysia and Singapore. During the quarter, we also added to existing positions in Chinese e-commerce platform **PDD** and power tool manufacturer **Techtronic Industries**.

Commentary

A combination of weak manufacturing export orders, a cooling in the residential property market and a tepid recovery in broad consumption beyond services such as travel converged into renewed concerns relating to China's economic recovery. This was led by a tapering of the post-COVID policy support following a stronger start to the year and in the context of a conservative "~5%" target for GDP growth by the State Council. Faced with deteriorating economic conditions, additional stimulus appears to be forthcoming. We have seen modest adjustments to the loan prime rate (LPR) and medium-term lending facility (MLF) rates. The People's Bank of China (PBoC) has also been

4 Source: JPM, SNE Research.

5 Source: Bernstein.

injecting more liquidity into the system via reverse repo rate cuts. The common counter-cyclical monetary tools are seemingly being deployed, and this should translate to a credit impulse in the second half of 2023. Separately, we are seeing the first signs of other stimulus levers being pulled again, including the easing of property policies such as lower down payments on new property purchases and additional funding of stalled projects, in addition to tax exemptions for EV purchases. Special government bond issuance to support local infrastructure projects also increased to record monthly levels in June 2023, reaching RMB1.5 trillion.[6] While we could see further action taken post the July Politburo meeting, to date, these measures appear aimed at correcting the withdrawal of post-COVID stimulus early in the second quarter of 2023 rather than the "bazooka" stimulus seen in past downturns. Aggregate stimulus across monetary tools, credit, tax cuts and government incentives is estimated at 5.6% of GDP in 2023 vs. 9.5% in COVID-hit 2022 and 12.5% of GDP at the depth of the global financial crisis in 2009.[7]

After taking a backseat of late, Chinese SOE reform has again gathered momentum. Following the completion of a three-year review by the State-owned Assets Supervision and Administration Commission (SASAC), there have been a number of announcements from entities ranging from the China Securities Regulatory Commission (CSRC) to the Shanghai Stock Exchange encompassing restructuring, strategic positioning, corporate governance, and capital allocation efficiency. The main priorities are centred around improving returns to boost valuations, nurturing innovation and investment in advanced technologies, and aligning SOE's development with China's broader strategic goals, most notably self-sufficiency in critical technologies, energy and food security. While SOE reform is unlikely to yield the quick wins from the corporate governance reforms we are witnessing across Korea and Japan, in many cases, starting valuations remain low. At Platinum, we have not shied away from investing in SOEs, including leading property developers and banks. Two specific examples of interesting SOEs in the portfolio are **Yuan Longping High-Tech Agriculture**, an agriculture company that is leading the rollout of genetically modified corn seed, and **Weichai Power**, China's leading diesel heavy-engine manufacturer. Both of these companies are leaders in their respective industries, investing heavily in research and development.

During the quarter, members of the team visited India and Taiwan. This followed trips to Vietnam, Indonesia and Thailand over the last nine months. Given the pace of change witnessed across these dynamic countries, particularly post-COVID, these trips provide valuable insights that help to shape the portfolio. India holds the G20 presidency this year, coinciding with the country's 75th anniversary of independence. Symbolically, these remain important occasions ahead of the national elections next year. The two overwhelming themes remained the resurgent residential property market and the country's growing ambitions as an export-oriented manufacturer in the region. We have talked about the optimism around the Indian property market in the past, and this was even more apparent on the ground. Unsold inventory remains at a decade low ~18 months, and we have seen pricing increases of 10-50% year on year across the top 10 metro cities after seven years of limited nominal price growth. Developers are accelerating property launches to meet growing demand, which hasn't been dented by ~250 basis points of mortgage rate hikes over the last 18 months. One example is New Delhi developer DLF, which sold out US$1 billion of units at its premium Arbour project within 72 hours. The US$35 billion Production Linked Incentives (PLI) Scheme is quickly being formalised at a Ministry level and approved for specific companies. India's electronic exports have already tripled compared to pre-COVID levels at ~US$25 billion.[8] US semiconductor manufacturer Micron Technology recently announced a US$2.75 billion DRAM and NAND assembly and test facility in Gujarat. Apple CEO Tim Cook's visit to India coincided with an ambition to assemble as much as 25% of all iPhones in India by 2025 after tripling production in FY23.

Outlook

We remain optimistic about the prospects for the Asian region in the medium term. Most countries have navigated through a challenging period well, emerging from COVID lockdowns while keeping inflationary pressures at bay with central banks ahead of the curve on monetary policy. Benefiting from wider populism, we have also seen many incumbent governments push through productive structural reforms that should yield economic benefits in future years. That said, we remain in a fairly active window for national elections. While we seek investments that are largely agnostic to political cycles, we do pay attention to politics. Next year, national elections are scheduled in India, Indonesia and Taiwan, which will be a focus for many, with the outcomes by no means certain based on early polls or recent state-level election results.

Our relatively high net invested position, compared to the historical average, reflects the prospective valuations on offer across most Asian markets and constituents. However, if and when market and/or stock valuations do become stretched, we will progressively add to short positions to protect the portfolio. That said, we continue to uncover new prospective investments across the region in an ongoing effort to refine the portfolio.

6 Source: Macquarie.

7 Source: Piper Sandler.

8 Source: Jefferies.

Macro Overview: Lots of Excitement in Markets, But Price Always Matters

by Andrew Clifford, Co-Chief Investment Officer

2023 is certainly not playing out as expected in the markets. CEO and Co-CIO Andrew Clifford sat down with investment specialist Henry Polkinghorne in late June to share his thoughts on the extraordinary rally in AI stocks, interest rates, China's lacklustre reopening, why this time might be different for Japan, and the state of play in Europe - and what they all mean for the markets and Platinum's portfolios for the second half of 2023. An edited transcript of the conversation is below.*

HP: Andrew, it's been an extraordinary year so far in markets, especially in the US, where little has played out as expected, with a huge rally in the S&P 500 and an even bigger rally in the Nasdaq. Are we in the early stages of a new bull market?

AC: I suspect not. When you look at the roadmap, particularly around interest rates, we have had one of the sharpest and largest interest rate tightening cycles in 40-50 years, which only started 15 months ago. The rule of thumb is that it takes 18 to 24 months for it to significantly impact the economy. The yield curve inverted around eight months ago, and again, there is typically an 18-month delay for the impact to be felt. There was a lot of momentum in the economy, and I think we will see how the economy is tested in the months ahead as the impact of tighter monetary conditions flows through. When talking about the broad market, though, the focus is really on earnings; there are very clear relationships between interest rates, earnings and markets. Some people are declaring the 20% rise in the S&P from its lows in October last year as the new bull market as if there's something magical about that number. However, if you go back to the tech wreck of 2000-2001, we saw the Nasdaq rally 40%-50% before markets moved substantially lower. You'll find similarly strong rallies during the global financial crisis (GFC) bear market, so I would remain cautious. The other thing about this rally is that it's been very narrowly focused on artificial intelligence (AI) stories. While AI is very exciting, ultimately, the stocks that are leading the rally, like NVIDIA, were very enthusiastically valued before this started, and are even more so today. For the moment, I would say that the jury's still out on whether this is the beginning of a great new share market run.

HP: AI is now being thought of as a "winner takes most" environment and the large incumbents have the advantage of huge barriers to entry. Do you feel that's justifying investors' reasons to hold these stocks, or do you think they're concerned about a possible recession and prefer pristine balance sheet-type businesses rather than the more cyclical businesses?

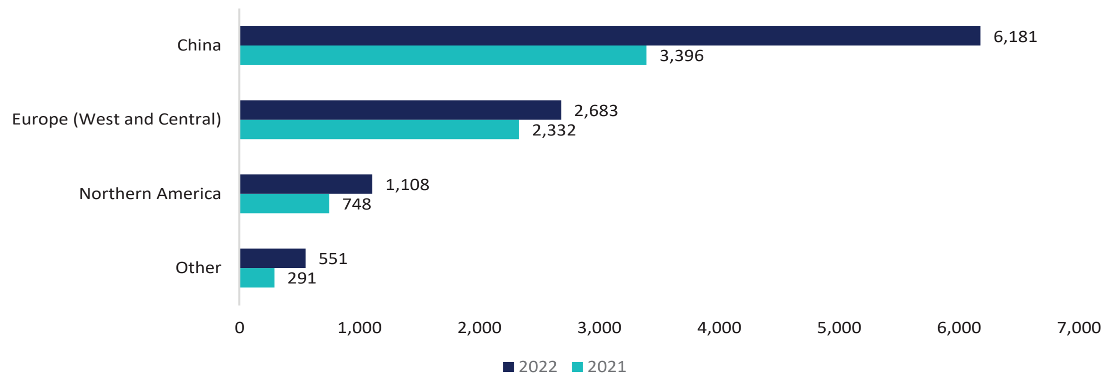
AC: When you look at the AI landscape, NVIDIA is clearly a big winner, but you also have to remember that the AI story has been around for a long time, and it was one of the reasons the stock was already owned by investors. The rally in AI stocks has been quite extraordinary, and there were a couple of reasons for that. ChatGPT, an AI chatbot, came into the public arena in November 2022, and it grew to 100 million users faster than we've seen any other platform do before.[1] Twenty years ago, it took Facebook five years to reach that number. It's quite a remarkable tool when you use it. On top of that, we had NVIDIA's announcement in May that they're going to increase their sales from US$7

1 Source: UBS.

* The full interview is available in audio format on The Journal page of our website https://www.platinum.com.au/Insights-Tools/The-Journal
Interview was recorded on 29 June 2023.

Fig. 1: China dominates electric vehicle sales

Plug-in electric vehicle sales worldwide: 2021 and 2022 by main market (in 1,000s)



Source: Statista.

billion in the first quarter of fiscal 2024 to US$11 billion in the second quarter,[2] and this was a company whose earnings were under quite significant pressure at the time they made that announcement, but there's a long game to be had here. When you look at other possibilities, companies like Microsoft and Google are mentioned. I think Google is very clearly the AI leader, but to a large extent, the question is really about the revenues that it can generate. I think also the advertising-driven players, such as Facebook and Google, are looking and behaving much more like cyclical businesses than this steady growth story, so we're layering on a little bit of excitement for AI. That's probably justified in the case of Alphabet/Google and maybe Microsoft, but a lot of other companies where this is occurring look fairly spurious to me.

HP: We've had numerous bank failures in the US, and the market seems to have taken that very much in its stride. Where do you see the path of interest rates and tightening potential moving forward?

AC: These things are hard to predict. We've been saying for quite a while that we will get to the end of this rate cycle, and inflation is clearly easing off. What I'd be looking for is what might upset that story rather than the well-accepted view that there won't be many more rate hikes from here. What worries me is the way government spending is ratcheting back up. It pulled back slightly after the pandemic, but nowhere near trend levels and tax receipts are now falling, in line with weakness in earnings, down around 10% year on year.[3] So, we have a situation in the US where the tightening efforts by the Federal Reserve (Fed) are being offset by government spending, and that is a concern. It leads me to the conclusion that while rates may peak at current levels, I don't think we will get any huge relief in terms of rate cuts.

HP: Shifting to China, clearly its reopening has not met expectations. Is the Chinese economy tracking as badly as the media is reporting?

AC: I think the reopening has been disappointing, largely reflecting business and consumer confidence not returning as they did in the West. The property market is still challenged. While the government has provided enough funding to allow uncompleted developments to be completed, buyers have not returned in an enthusiastic fashion to the property market. What I would say, though, is that there are a lot of really interesting things going on in China underneath the surface that are not being particularly picked up by the media. The US government has set aside US$500 billion in new spending and tax breaks under the Inflation Reduction Act of 2022 (IRA), with the majority (US$400 billion) going towards climate change-type investments.[4] But when you look at who's leading the world in that area, it's China. Last year, China sold 6.2 million electric vehicles, compared with 2.7 million in Europe and 1.1 million in the US (see Fig. 1).[5] Interestingly, China became the second-largest exporter of motor vehicles last year, and in the first quarter of this year, it was the largest exporter of motor vehicles.[6] This is another example of China taking on a very mature industry where it was never expected to play outside of its borders. It exported around 3.5 million cars last year, which is about 5% of the car market outside of

2 Source: https://nvidianews.nvidia.com/news/nvidia-announces-financial-results-for-first-quarter-fiscal-2024

3 Source: Federal Reserve Bank of St. Louis.

4 Source: https://www.mckinsey.com/industries/public-sector/our-insights/the-inflation-reduction-act-heres-whats-in-it

5 Source: Statista.

6 Source: https://www.marketresearchfuture.com/news/china-is-the-largest-exporter-of-cars-in-2023

China, and it has momentum. I think that's going to become a tough market for the marginal players. In solar panels, eight out of ten are made in China, and five of those eight are installed in China.[7] In wind turbines, China represents around 65% of the market.[8] In terms of batteries, China's Contemporary Amperex Technology Co. Limited (CATL) is the clear global leader in batteries, surpassing the Korean and Japanese companies.[9] CATL's revenues were up sixfold in two years.[10] These examples highlight that just in one area of this very dynamic economy, there are some really exciting things going on, presenting some interesting opportunities for investors.

HP: If China is leading the charge on the electrification and decarbonisation of the world, which is expected to be one of, if not the biggest, infrastructure spending programs globally ever, what is holding investors back?

AC: There are clearly multiple concerns about China. There have been issues in the property sector and concerns around the regulatory environment, which have caused difficulties for many companies that foreigners are invested in. However, foremost is the political environment that's on the front page of the newspapers every day, but I don't think investors are looking at this in an even-handed way. We hear that China Is uninvestable and there remain concerns around a potential invasion of Taiwan, which in our view seems a very unlikely event given the importance of Taiwan to China. When I say the markets are being uneven about it, let's look at a stock like Apple. It is reliant on Taiwan for the manufacture of most of its semiconductor content; it relies on China for the assembly of its products; and China accounts for 20% of its earnings.[11] This is a company that has a very significant China risk. Today, Apple is reaching new highs on a daily basis. That says to me that no one's really worrying about the potential invasion of Taiwan when they're buying Apple. The same thing can be seen for the other great market favourite of the moment, NVIDIA, which again relies on Taiwan for the supply of its leading-edge chips. I'm not saying that the risks are not real; the US will likely continue to attempt to contain China. However, the economic reality is that the world is heavily reliant on China in so many critical areas. You can see that in the other dialogue that goes on, with envoys from various countries regularly sent to try and mend the relationship with China, while on the other hand, announcements are made each day restricting China's access to US technology.

7 Source: https://www.iea.org/news/the-world-needs-more-diverse-solar-panel-supply-chains-to-ensure-a-secure-transition-to-net-zero-emissions

8 Source: https://www.iea.org/energy-system/renewables/wind

9 Source: https://www.bloomberg.com/news/articles/2023-01-04/china-s-catl-extends-lead-as-world-s-top-ev-battery-maker

10 Source: CATL company report.

11 Source: FactSet Research Systems.

HP: There has been a lot of regulatory change in China, particularly in the technology, education and property sectors. Do you think that's finished?

AC: There's obviously been a lot of regulatory change in industries that foreigners have been exposed to. It's been a long pattern over the last decade for China to reform and regulate, and I don't think there's anything particularly untoward; the possibility of reform is something that investors need to be aware of. I think in areas such as e-commerce, which have seen big changes, particularly anti-monopoly provisions, I suspect most of that is done. However, you would expect China to continue to reform and regulate.

HP: Japan seems to be the flavour of the month. There's been quite a lot of talk about reform and corporate governance over the last decade, is now the time for Japan?

AC: The walls seem to be breaking down now in Japan. It has been a decade of talk about corporate governance, but really what we're talking about in Japan are companies with extraordinary valuations. Stocks are priced this way because investors don't have access to the underlying earnings in the form of dividends or buybacks. Instead, they get invested, often in very marginal projects. However, we are now really seeing a great deal of success from investors in terms of changing boards that are not responsive. There have been many steps along this journey, but most recently, the Tokyo Stock Exchange said in a 'name and shame' approach that companies that are trading below book value, which is a little under half of the market, are expected to have a plan of how to get their stock price above book value.[12] It's a very awkward way of saying, how are you going to get your return on equity? How are you going to actually make money for your shareholders? Companies that don't have plans or don't have adequate plans are going to be highlighted. We're definitely seeing change there now. We're certainly engaging with the companies that we own, and the responses are different. They're clearly being communicated to boards, and we are seeing board members voted out, even in extreme cases where the proxy advisors have sided with the company. We've had a big run-up in Japanese stocks, and while these things don't always go in a straight line, in terms of the opportunity with corporate reform in Japan over the next three to five years, I'd say there's still a significant way to go there.

12 Source: https://www.cnbc.com/2023/06/13/investing-is-japan-inc-finally-serious-about-corporate-governance-.html

HP: Europe had a great year last year, and there's just been a failed Russian coup. What are your views on Europe?

AC: I think Europe is similar, if not slightly further advanced, to the US in terms of its economic activity, which is clearly weak. Germany has had two consecutive quarters of negative GDP growth, which is technically a recession. However, the stock market has been strong. Again, it's this same narrowness in the market, with a small number of stocks holding the market up while the broader market is responding to weaker earnings. There have been plenty of stocks over the last year in Europe that have come back into our price range, so that makes it very firmly an opportunity set, but it probably has a little way to play out yet.

HP: Any closing remarks?

AC: The key point I would like to reiterate is the divergence that is occurring across markets, not just in the US but also in Europe and the way that China is being left out. There are huge opportunity sets here for us to play in. We will remain completely focused on the value of what we're buying. Meanwhile, I think what we're seeing with the stocks that are leading the market is an echo of the speculative bubble we've just lived through. It's not to deny the excitement of some of the stories in the companies that are doing well, but it's what we said throughout 2020 and 2021, and that is that price does matter. Maybe some of the companies will live up to these extraordinary valuations, but it's unlikely all of them will, and we've just recently had a pretty good lesson on what can happen if you ignore the question of valuation.

MSCI Regional Index
Net Returns to 30.6.2023 (USD)

REGION	QUARTER	1 YEAR
All Country World	**6.2%**	**16.5%**
Developed Markets	**6.8%**	**18.5%**
Emerging Markets	**0.9%**	**1.7%**
United States	**8.6%**	**19.0%**
Europe	**2.9%**	**22.0%**
Germany	2.8%	28.4%
France	3.2%	31.7%
United Kingdom	2.2%	13.2%
Italy	8.2%	43.4%
Spain	5.6%	29.0%
Japan	**6.4%**	**18.1%**
Asia ex-Japan	**-1.3%**	**-1.1%**
China	-9.7%	-16.8%
Hong Kong	-5.0%	-9.0%
Korea	4.4%	13.0%
India	12.2%	14.2%
Australia	0.3%	11.2%
Brazil	**20.7%**	**29.8%**

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 30.6.2023 (USD)

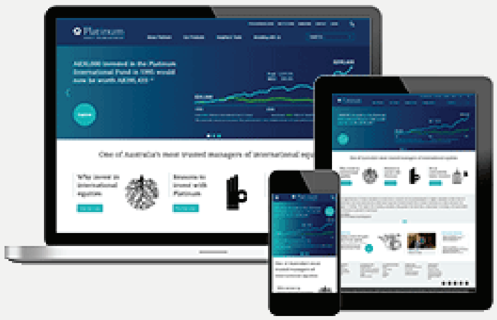
SECTOR	QUARTER	1 YEAR
Information Technology	13.7%	34.3%
Consumer Discretionary	8.2%	19.2%
Communication Services	7.1%	10.5%
Industrials	6.3%	25.2%
Financials	5.2%	11.5%
Health Care	2.3%	5.7%
Energy	0.8%	13.2%
Consumer Staples	0.3%	7.7%
Utilities	-0.1%	0.7%
Real Estate	-0.1%	-6.9%
Materials	-0.8%	12.1%

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 https://www.platinum.com.au/Our-Products/Product-By-Type/Platinum-Investment-Bond to access information about the Platinum Investment Bond - Platinum Asia Fund including:

- Weekly unit prices
- Monthly updates on performance, portfolio positioning and top 10 holdings
- Announcements.



You can also 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, check out our brief market updates in **video** format, or have a listen to our **audio podcasts**.

Recent highlights include:

- **Article - The Times are Changing.**[1] The economic environment has changed significantly over the past 18 months. The historic bubble in tech and growth stocks has burst, and a recession in the US is probable. This calls for investors to adopt a different investment approach than what has worked in the recent past, as co-CIO Clay Smolinski explains.
- **Video – Three Lessons from the US Banking Crisis.**[2] Adrian Cotiga discusses the key drivers behind the US banking crisis, the three lessons to be learned and how Platinum is positioned in global financials. We continue to hold no exposure to US banks, preferring European financials, with three broad buckets capturing our interest.
- **Video – Finding Value in the Much-Hyped AI Space.**[3] AI has captured everyone's attention of late. While there has been a lot of hype around some of the players, there are also areas that are being overlooked, particularly in the healthcare sector. Cameron Robertson and Dr Bianca Ogden discuss areas they have invested in and ones to watch in this exciting area.
- **Video – Exciting Times for Japanese Equities.**[4] Japanese equities have rallied strongly recently. A visit by Warren Buffett to Japan seems to have inspired buyer interest, especially from foreign investors, but there's a lot more to the story, as James Halse explains.
- **Video - Markets in Denial About US Recession.**[5] The sharpest increase in US interest rates in 40 years, a shrinking money supply and bank failures are all causes for concern – but the markets don't seem to think so. Julian McCormack provides a succinct explanation of why he believes the US is heading for a deep recession and how Platinum is preparing for what we expect will be a difficult period ahead.

1 https://www.platinum.com.au/Insights-Tools/The-Journal/The-Times-are-Changing

2 https://www.platinum.com.au/Insights-Tools/The-Journal/Three-Lessons-from-the-US-Banking-Crisis

3 https://www.platinum.com.au/Insights-Tools/The-Journal/Finding-Value-in-the-Much-Hyped-AI-Space

4 https://www.platinum.com.au/Insights-Tools/The-Journal/Exciting-Times-for-Japanese-Equities

5 https://www.platinum.com.au/Insights-Tools/The-Journal/Video-Markets-in-Denial-About-US-Recession

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).

The Platinum Investment Bond ("PIB") is an investment bond issued and administered by Lifeplan Australia Friendly Society Limited ABN 78 087 649 492 AFSL 237989. "PIBPAF" refers to the Platinum Investment Bond - Platinum Asia Fund (APIR code: LIF7284AU), one of the underlying investment options of the Platinum Investment Bond. "PAF" refers to the Platinum Asia Fund (ARSN 104 043 110), the underlying fund into which the PIBPAF invests.

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. The returns shown are for PAF C Class units (launched on 4 March 2003). PAF's returns are calculated by Platinum using the net asset value unit price (i.e. excluding the buy/sell spread) of C Class Units and represent the combined income and capital returns over the specified period. PAF's returns are net of fees and costs, pre-tax, and assume the reinvestment of distributions. The MSCI index returns are in AUD, are inclusive of net official dividends, but do not reflect fees or expenses. MSCI index returns are sourced from FactSet Research Systems. Platinum does not invest by reference to the weightings of the specified MSCI index. As a result, PAF'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 PAF'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 PAF's exposures to the relevant countries/regions through its long securities positions and long securities/index derivative positions, as a percentage of its portfolio market value. Country classifications for securities reflect Bloomberg's "country of risk" designations. "Shorts" show PAF'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 long derivative transactions.
3. The table shows PAF'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 PAF'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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