



Platinum Investment Bond™ - Platinum International Fund

APIR Code: LIF2561AU

Quarterly Investment Manager's Report

30 June 2021

Investment Update

Platinum Investment Bond - Platinum International Fund (PIBPIF)



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Performance

(compound p.a.⁺, to 30 June 2021)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Fund*	1.6%	26.1%	6.8%	11.1%	12.1%
MSCI AC World Index [^]	9.0%	27.7%	14.0%	14.4%	7.6%

⁺ Excluding quarterly returns.

* The returns shown are for the Platinum International Fund C Class (launched on 30 April 1995). 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.

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 11. Numerical figures have been subject to rounding.

In Brief:

- Our commodity stocks were amongst our largest contributors to performance over the quarter, including Glencore (+9%) and First Quantum Minerals (+19%), which were beneficiaries of generally higher commodity prices.
- China's decision to rein in the use of credit across its economy impacted our Chinese financial sector and real estate holdings, notably Ping An Insurance (-18%) and China Vanke (-20%).
- After very strong performance across a wide range of holdings, we have been actively selling down positions, notably our commodity-related stocks (particularly copper), as well as our semiconductor and travel-recovery plays.
- New holdings included Allfunds Group, which provides distribution, clearing, settlement and a custody platform for managed funds.
- Our portfolios always reflect the opportunities that we can find in individual stocks and we remain of the opinion that good returns are still on offer. While many of our holdings have appreciated strongly, we believe they are still reasonably valued given our expectations for strong earnings prospects over the next two to three years.
- There remain reasons to be cautious on the stock market, particularly given such strong returns over the past year and the extraordinary valuations of market favourites. There is also the risk that the recent increases in inflation remain persistent and undermine the foundation of low interest rates on which asset valuations are currently based.

The Platinum Investment Bond ("Bond") is an investment bond issued by Lifeplan Australia Friendly Society Limited ABN 78 087 649 492 AFSL 237989. Platinum Investment Management Limited ABN 25 063 565 006 AFSL 221935 ("Platinum"), is the responsible entity of the Platinum International Fund ("PIF"), an underlying investment option of the Bond. Please refer to page 11 for further disclosures.

The following is the 30 June 2021 Quarterly Investment Manager's Report prepared for PIF by its Portfolio Managers. Please note that in this report, the "Fund" refers to PIF and portfolio details, such as portfolio disposition, top 10 holdings and currency exposure, pertain to PIF's portfolio. Please be aware that PIBPIF and PIF (C Class - standard fee option) have different fee structures and therefore different returns. PIBPIF's returns may also vary from PIF's performance fee class (P Class) returns due to different cash holdings as well as gains and losses arising as a result of PIBPIF's market making activities.

This commentary relates to the underlying fund, the Platinum International Fund.¹

The global economy continued its strong recovery out of the 2020 COVID-induced recession. In the US, employment growth, higher wages and a drawdown in the extraordinary level of savings stashed away last year, have more than made up for reduced government spending following the winding back of unemployment benefits and other government payments. In Europe, the economy is making steady progress, even if at slower rates than the US, while the Chinese economy is strong enough that the government is once again focused on slowing credit growth and deleveraging the economy.

One result of this surprising economic boom has been a shortage in a wide range of commodities and manufactured goods. This has resulted in higher prices and a spike in inflation in the US and China to levels not seen in decades. This raises the question of whether the burst of inflation will be transitory, or will it be more persistent, with the implication that interest rates may rise much earlier than had been expected. For a full discussion on this question please see our Macro Overview.

The impact on the stock market has been curious. Post the latest US Federal Reserve (Fed) meeting in June, expectations for the timing of the first interest rate increase have been brought forward from 2024 to 2023. This seems unlikely to crush the current economic expansion. Indeed, confirmation that the economy is travelling well, would usually benefit stocks that are sensitive to growth. Instead, the market turned away from such companies and back to the highly valued growth stocks over the final weeks of the quarter. It seems likely that this is a continuation of investors' reflex action of recent years when faced with uncertainty. In this case, concerns about inflation have prompted investors to buy certainty (growth and defensive businesses) and avoid all else. It was this phenomenon in the closing weeks of June that resulted in the Fund producing a softer return over the quarter.

Amongst the largest contributors to performance over the quarter were our commodity stocks, including **Glencore** (+9% over the quarter), **First Quantum Minerals** (+19%) and pulp and specialty paper company **UPM-Kymmene Oyj** (+4%), which were beneficiaries of generally higher commodity prices. US auto lender **Ally Financial** (+10%)

¹ References to returns and performance contributions (excluding individual stock returns) in this PIBPIF 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.

Disposition of Assets of PIF

REGION	30 JUN 2021	31 MAR 2021	30 JUN 2020
Asia	25%	27%	27%
North America	23%	26%	28%
Europe	20%	18%	16%
Japan	12%	13%	13%
Australia	3%	3%	3%
Other	1%	1%	1%
Cash	15%	11%	13%
Shorts	-6%	-22%	-9%

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

Net Sector Exposures of PIF

SECTOR	30 JUN 2021	31 MAR 2021	30 JUN 2020
Industrials	20%	21%	16%
Financials	16%	15%	11%
Materials	16%	18%	10%
Information Technology	11%	9%	17%
Consumer Discretionary	8%	9%	10%
Health Care	6%	3%	8%
Real Estate	3%	3%	2%
Communication Services	1%	2%	8%
Energy	0%	1%	2%
Consumer Staples	-1%	-1%	-2%
Other	-2%	-11%	-3%
TOTAL NET EXPOSURE	79%	67%	78%

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

benefited from the strength in the car market, including the boom in used cars.

On the other side of the ledger, our Chinese holdings in aggregate detracted from performance. China's decision to rein in the use of credit across its economy, particularly in the real estate sector, impacted our Chinese financial holdings, such as **Ping An Insurance** (-18%), where there are concerns around exposures to non-performing assets in the real estate sector.

Similarly, companies such as our residential real estate developers **China Vanke** (-20%) and **China Overseas Land & Investment** (-13%), home appliances business **Midea** (-13%), and heavy-duty truck engine maker **Weichai Power** (-10%) all saw their share prices move lower on concerns about tightening in the availability of credit as well as profit taking in some instances. In each case, we remain confident in our investment case and view these downward moves as buying opportunities and hence continue to hold the positions.

Changes to the Portfolio

The Fund's net invested position increased from 67% to 79% over the quarter. This was the result of a reduction in short positions from 22% to 6% and an increase in cash from 11% to 15%.

The Fund has seen very strong performance across a wide range of its holdings and as a result, we have been actively selling down positions across the portfolio. We have significantly reduced our commodity-related positions, particularly our copper plays **Freeport-McMoRan**, **First Quantum Minerals**, **Glencore** and **MMG** (exited). The stocks have performed strongly on the back of higher copper prices, which have exceeded levels reached in the Chinese commodity boom a decade ago. We remain very bullish on the prospects for copper given the enormous rush to decarbonise economies, however, given the stock price performance of these companies, the potential has been, at least in part, recognised by the market. The portfolio continues to hold positions in copper miners.

Other commodity-related positions that were reduced included **Louisiana-Pacific**, a US building materials business that has benefited from record prices in OSB (oriented strand board). The Fund sold out of **Seven Generations Energy** after the stock rallied strongly in line with rising energy prices and was also subject to a takeover offer by ARC Resources.

We continued to trim our semiconductor holdings **Samsung Electronics** and **Micron Technology**, as well as travel and travel-related stocks **Ryanair** and **Amadeus**.

New holdings included **Allfunds Group**, which provides distribution, clearing, settlement and a custody platform for managed funds. The Allfunds network connects over 1000 fund managers with over 800 advisor groups, predominantly in Europe. The network facilitates transactions through the adoption of a common set of protocols rather than a technology infrastructure or wrap account solution. It is also provided free of charge to the advisor networks and their clients, with a very low fee paid by fund managers. This is a business that has been growing 25%-30% p.a. and although this rate is expected to slow, we believe there remains significant growth opportunities ahead.

In recent months, we have been building a position in **Showa Denko**, a Japanese specialty materials and chemical company. There are two key elements to the business. The first is specialty chemicals and gases used in the production of semiconductors. The other is graphite electrodes used in the production of steel in electric arc furnaces (EAF). One benefit of producing steel using scrap material in EAFs is that it produces significantly less carbon emissions. After China's boom of the last 20 years, it is now finding itself with an increasing supply of scrap material and thus we are likely to see increasing investment in EAFs and accordingly, demand for graphite electrodes. Given the boom in steel underway already, there are already shortages of graphite electrodes and there are a limited number of suppliers globally. These trends indicate profit growth for Showa Denko in the years ahead.

Additionally, funds were put to work across a number of existing holdings. We added to express parcel delivery company **ZTO Express**, as severe price competition that has plagued the industry started to recede. We continued to accumulate a position in **China Vanke**, a residential developer that has seen its share price weaken in response to concerns about the availability of credit for property developers in China. China Vanke is one of a small number of developers that we feel is well positioned for this environment due to its strong balance sheet. Short-term weakness in the gold price allowed us to add to our position in **Barrick Gold**, which we expect to act as a hedge if the worst expectations on inflation are realised.

Finally, short positions were reduced as the market showed great resilience in the face of very poor inflation outcomes, indicating that our concerns around inflation and the impact on interest rates are not necessarily shared by the market at this point, but should that change, we may adjust our positioning accordingly.

Outlook

Our conclusion on what lies ahead is essentially unchanged from our last report. The global economy has, as we expected, continued its strong rebound, even in the US where government spending has started to fall. The hand over to higher employment and wages plus households drawing down on their excess savings accumulated over the last 12 months has commenced. Europe's recovery continues to gather pace and China is travelling well. All this has occurred well ahead of a full reopening of economies, as vaccination programs continue to progress. All is not perfect though, with the COVID Delta variant causing further waves of infection and lockdowns in populations that have not had access to effective vaccination programs. China's attempts to slow credit growth in its economy is another potential risk to the recovery. Overall though, the global economy is expected to continue to improve and provide an environment that is conducive to strong profit growth.

Typically, good returns from the stock market are expected in the early stages of an economic recovery and we haven't been disappointed, with the global stock market up 28% over the last 12 months.² Our portfolios always reflect our market view and the opportunities that we can find in individual stocks, and on that front, we remain of the opinion that good returns are still on offer. As we said last quarter, while many of our holdings have appreciated strongly, they were from deeply depressed levels, and while they may not be as attractive investments as they were, we believe they are still reasonably valued given our expectations for strong earnings prospects over the next two to three years.

There also remain reasons to be cautious. Given such strong returns over the past year, one should naturally expect a quieter period ahead. This is especially so given the double-digit returns provided to investors over a long period of time, almost 14% p.a. over the last decade. We have written at length about the speculative activity in stocks that is reflected in the extraordinary valuations of market favourites, which is another reason for caution. Additionally, as discussed in this report and at length in our Macro Overview, there is the risk that the recent increases in inflation remain persistent and undermine the foundation of low interest rates on which asset valuations are currently based.

² MSCI AC World Net Index (\$A).

Top 10 Holdings of PIF

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Samsung Electronics Co	South Korea	Info Technology	3.2%
ZTO Express Cayman Inc	China	Industrials	3.2%
Glencore PLC	Australia	Materials	2.8%
MinebeaMitsumi Co Ltd	Japan	Industrials	2.7%
Micron Technology Inc	US	Info Technology	2.6%
Weichai Power Co Ltd	China	Industrials	2.6%
AIA Group Ltd	Hong Kong	Financials	2.5%
Microchip Technology Inc	US	Info Technology	2.4%
UPM-Kymmene OYJ	Finland	Materials	2.4%
Ping An Insurance Group	China	Financials	2.2%

As at 30 June 2021. See note 4, page 11.

Source: Platinum Investment Management Limited.

Macro Overview

by Andrew Clifford, Co-Chief Investment Officer

Rising Inflation Signals the Need for Wariness in Highly Favoured Names

"The burden of today's spending measures by governments will either be funded by taxation (today or in the future) or through a loss of value in money or cash (i.e. inflation)."

March 2020 Macro Overview

"Assuming that limits do exist on this financial engineering, we need to understand at what point these limits will be reached and what will be the implications of exceeding them. These questions are not easily answered, but certainly, possibilities include a rise in goods and services inflation..."

June 2020 Macro Overview

"While there is no evidence of a rise in inflation in goods and services in the major economies yet, it is easy to see an inflation scare unfolding as the year progresses."

December 2020 Macro Overview

"Daily readings of consumer prices already show inflation heading back to levels last seen in mid-2019."

March 2021 Macro Overview

Regular readers will know that since the outset of the COVID-19 pandemic, we have focused on the role of 'money printing' in funding government rescue packages and the potential for this to flow through to inflation in goods and services. Our concern has been that a surprising outcome in inflation would threaten the low interest rate environment, which has been a major factor underpinning the worldwide bull market in asset prices. The last six month-period has been interesting as we moved from there being no evidence of inflation, to nascent signs, and now some of the highest rates of inflation, at least in the major economies, that we have seen in decades.

Meanwhile, on other fronts, the relationship between the US (and the developed world) and China, on face value, continues to deteriorate. Attempts by governments around the world to rein in fast-growing monopolies in e-commerce and related areas continue. We are also seeing waves of COVID-19 variants continuing to spread across the globe. Yet, despite these developments, equity markets have broadly moved higher this year, with most markets at, or near, record highs. These share price moves mean valuations remain

somewhere between stretched to speculative for much of the market. Admittedly, there has been some nervousness around bond yields, interest rates and inflation at various points along the way, however, by and large, markets have remained bullish. Of course, the positive news has been the very strong economic recovery in regions that are moving steadily toward a post-COVID era.

Making predictions on economic variables is fraught with danger. However, the risk for markets with respect to inflation and the direction of interest rates is unlikely to be symmetric. If the inflationary spike turns out to be short-lived and interest rate rises remain a distant possibility, then the market can likely continue along the same path with valuations remaining elevated for the moment. However, the alternative scenario of persistent inflation that results in much earlier-than-expected interest rate increases by central banks is likely to result in dramatic falls in share prices, especially for the highly valued growth stocks. We would continue to argue, that in this environment, investors should remain cautiously positioned.

Inflation – a temporary blip or here to stay?

The US economy continues to power out of the COVID-induced recession. This is happening, even as unemployment benefits and other government transfer payments are progressively being wound back across the country. Employment growth, higher wages and a drawdown on the extraordinary level of savings stashed away last year are more than offsetting the cutbacks in government spending. In Europe, the economy is steadily making progress, even if at a slower pace than the US, and the Chinese economy is strong enough that the government is focused once again on slowing credit growth and reducing leverage across the economy. While growth rates will fall naturally as the year progresses and comparisons are no longer made against the trough of the recession, we do expect that, absent any other shock, global economic growth will remain robust as such momentum in the economy does not dissipate quickly.

This strong recovery, together with the fact that large service industries, such as travel, are still being impacted by COVID-related restrictions, has resulted in a surprising boom in demand for manufactured goods. This strong demand, together with supply chain disruptions in the early stages of the pandemic, has caused a wide range of commodities and manufactured goods, from copper to semiconductors and new homes, to be in short supply. This has resulted in rising prices for many goods and a spike in the consumer price index (CPI) to an annual rate of 5% in the US.¹

A most curious example of this phenomenon is evidenced in the US auto market, which is known for its endless supply of new vehicles. As new car sales reached the highest level recorded in April on a monthly basis since the global financial crisis (GFC), production of new vehicles has simultaneously fallen to depressed levels as a result of component shortages (see Fig. 1). This has resulted in a 30% increase in the price of

used cars and trucks over the past 12 months (see Fig. 2),² with stories that used cars are selling at levels well above the listed price for the same vehicle on the showroom floor!

So, is this the beginning of a new era where inflation heads higher and remains persistent? The argument that this is a temporary phenomenon caused by unusual circumstances generally rests on two key propositions. The first is that the supply/demand imbalances we are experiencing will be temporary, even if they take a year or two to resolve, and prices will fall back to where they were. We strongly agree with this proposition. If the economy is good at one thing, it is resolving shortages in the supply of goods and services. The second part of the argument, is that, as government spending winds back, economies will slow dramatically. As we have pointed out, this isn't actually happening to date, and we don't expect it will. Still, that would only suggest that it may take a little longer for prices to fall away.

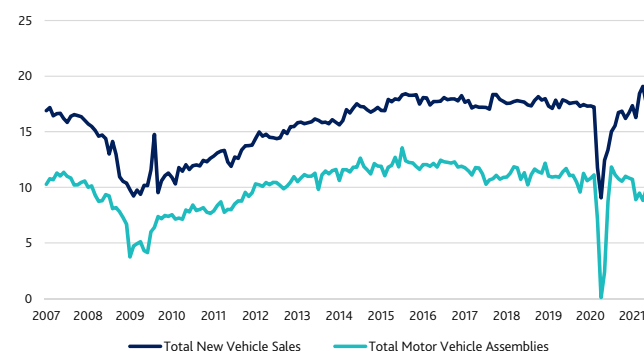
The debate on inflation is quickly moving to the cost of labour. Despite high unemployment rates in most economies, employers are universally reporting that it is hard to fill roles. This is true not only in the developed world, but also in China. There is strong anecdotal evidence that wages are rising and it is expected that various measures of employment costs will post high numbers as the year progresses. There were some expectations that the roll back of government benefits would help ease wage cost pressure as more people returned to the labour force, but it's not clear that this is happening. Time will tell.

However, the escalating cost of labour is not the concern that leads us to be wary about the re-emergence of inflation. Rather, it is the economic premise that if the rate of growth in money circulating in the economy is faster than the growth in the value of the economy's output (i.e. nominal GDP) it will necessarily be inflationary. It is an idea that has long been out of fashion and ignored because it wasn't apparently true.

¹ Source: US Bureau of Labor Statistics.

Fig. 1: US New Vehicle Sales vs. Production

Millions of Units, Monthly, Seasonally Adjusted Annual Rate, May 2021

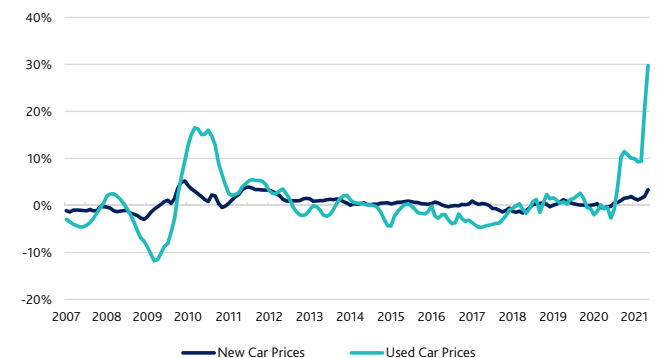


Source: Federal Reserve Bank of St. Louis.

² Source: Federal Reserve Bank of St. Louis.

Fig. 2: US New Car vs. Used Car Prices

% change p.a.



Source: Federal Reserve Bank of St. Louis.

Money printing post the GFC didn't seem to create huge inflationary pressures, at least in the price of goods and services. This is partly because the excess growth in money supply (using aggregates such as M2 or M3) was quite timid. Additionally, inflation was only apparent in the price of assets such as property and shares – not goods and services. In the past 12 months in the US, the printing of money has been prodigious and there has been inflation not only in assets, with residential property prices up 15% over the year to June³ and the stock market up strongly, but now also in the CPI, with some of the highest numbers recorded in decades.

As fiscal spending initiatives roll off, the printing presses will slow. What is not known though is what happens to the so-called velocity of money (or more simply, how often money is spent in a given period). Where households had received government payments and simply left them in the bank, this money was passive and had no influence on the financial system. Economists would view this as driving down the velocity of money. As economies recover, if US households now elect to spend these savings over the next year or two, the velocity of money will start to recover and it remains possible that additional inflationary effects of the money printing last year could be experienced.

Does it really matter though if the Fed and other central banks keep interest rates at low levels?

It is important to appreciate that the role of central bank statements is not to tell us what they think is the likely course of interest rates, but to tell us what "they want us to believe" will be the likely course of interest rates. This is not quite as Machiavellian as it sounds. Central banks have rates set low for a reason and they want consumers and businesses to act as if they will stay low for the foreseeable future. When the central banks see the need to change, they will let us know, but the idea that they have the predictive powers to know that this will be sometime in 2023 or 2024 is insane. I think a far better premise for investors is that central banks will increase rates if it becomes clear that inflation is likely to be persistent.

Does it really matter if inflation is persistent? Why should the central banks respond at all?

Ultimately, the issue with inflation is that it represents a transfer of wealth between different groups in society. This is clearly seen in the discussion around the question of house affordability for first-time buyers that has been taking place in many countries. With goods and services inflation, the

impact is usually felt mostly by lower-income households who struggle to put food on the table as prices rise faster than wages. Ultimately, workers will respond and demand higher wages, sparking a wage-price spiral. For this reason, inflation historically has been a serious problem for governments.

Even if central banks don't respond initially to persistent inflation, it is ultimately a political issue. The experience of the 1970s and 1980s was that, the longer it took for governments to respond to rising inflation, the longer and more persistent the problem became.

What does this all mean for markets?

After the US Federal Reserve's (Fed) Open Market Committee meeting in mid-June, where the comments post the meeting were interpreted as bringing forward the first rate increase from 2024 to 2023, the stock market's reaction was curious. Investors returned to buying their favourite growth stocks and avoiding those more dependent on a good economic environment. This is an odd reaction, as a rate increase is literally years away (if we believe what the Fed tells us) and generally the economically sensitive stocks would be expected to perform well throughout the period of rising rates. This is quite possibly a reflex action by investors to return to perceived certainty (growth stocks and defensive businesses) at a time of uncertainty, rather than a statement that a possible rate increase in two years' time will immediately stifle the economic recovery. This period is also coincident with a rise in concerns around the spread of the COVID Delta variant.

How will the China/West relations play into the market's concerns?

The Group of Seven (G7)⁴ meeting held in mid-June and celebrations of the centenary of the Chinese Communist Party in early July have brought the topic of China's relationship with the West to the front pages of the newspapers once again. As we have discussed previously, the interdependence of our economic systems is a significant limiting factor on actions that can be taken by either side. Certainly, statements from both sides in recent months appear to be more theatre for domestic politics than an intention of meaningful action. This is not to say there are not serious issues at stake here that need attention. When interviewed by the *Financial Times*, Armin Laschet, who is the current frontrunner to become Germany's next chancellor, was quoted as saying, "The question is — if we're talking about 'restraining' China, will that lead to a new conflict? Do

3 As measured by the S&P Case-Shiller National Home Price Index. Source: FactSet Research Systems.

4 The G7 includes Canada, France, Germany, Italy, Japan, the United Kingdom and the United States.

we need a new adversary?" He also said "And there the European response was cautious, because, yes, China is a competitor and a systemic rival, it has a different model of society, but it's also a partner, particularly in things like fighting climate change."⁵ This more nuanced approach to the issue of China relations is one that provides some small hope of resolving the current conflicts. In the meantime, the markets are treating the issue as a sideshow, which short of some dramatic developments, it probably is.

Finally, the issue of the anti-monopoly movement continues in the background. In China, action has been taken in regulating areas such as fintech and anti-competitive behaviours in e-commerce. The approach in the West is clearly more process driven and will most likely be a drawn-out affair. In the US, President Biden appointed Lina Kahn, a high-profile academic who has argued for a reframing of US competition laws, to chair the Federal Trade Commission (FTC). This is a pretty clear statement of intent. In the short term though, the FTC case against Facebook has been dismissed. We expect this movement to be a feature of the investment environment for the large e-commerce and payments businesses around the globe.

⁵ Source: Financial Times, 21 June 2021.

MSCI Regional Index Net Returns to 30.6.2021 (USD)

REGION	QUARTER	1 YEAR
All Country World	7.4%	39.3%
Developed Markets	7.7%	39.0%
Emerging Markets	5.0%	40.9%
United States	8.8%	41.9%
Europe	7.6%	35.0%
Germany	4.7%	31.8%
France	9.1%	40.9%
United Kingdom	6.0%	31.3%
Italy	3.6%	36.6%
Spain	5.3%	30.7%
Russia	14.0%	38.6%
Japan	-0.3%	24.8%
Asia ex-Japan	3.6%	39.6%
China	2.3%	27.4%
Hong Kong	2.5%	28.9%
Korea	4.8%	66.2%
India	6.9%	56.4%
Australia	6.9%	39.6%
Brazil	22.9%	46.6%

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 outlook for markets?

In this overview, we have focused on a number of negative elements in the current investment environment. However, the one real positive is the strength of the global economy coming out of the 2020 recession. Generally, one would expect this to be a good time to own shares. Certainly, there are many companies that we hold across our portfolios that we expect will likely benefit from the recovery and still trade at reasonable valuations.

While there are reasons to be optimistic about stock market returns, there are obvious areas of concern, notably the risk of persistently high levels of inflation and the impact on interest rates. It is not a definitive prediction but a reason to remain wary, particularly for investors in the highly favoured growth stocks trading at extremely high valuations.

MSCI All Country World Sector Index Net Returns to 30.6.2021 (USD)

SECTOR	QUARTER	1 YEAR
Information Technology	10.5%	46.0%
Health Care	9.4%	23.5%
Energy	9.3%	39.1%
Real Estate	8.4%	27.0%
Communication Services	8.0%	42.0%
Financials	6.2%	48.9%
Materials	6.0%	49.0%
Consumer Discretionary	5.9%	46.3%
Consumer Staples	5.7%	20.7%
Industrials	4.7%	44.6%
Utilities	-0.4%	14.7%

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 International Fund including:

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- Monthly updates on performance, portfolio positioning and top 10 holdings
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Recent highlights include:

- **Article - China's Societal Change: Centralised Command and Capitalist Entrepreneurs.**¹ China is implementing a number of policy responses to address social issues such as housing affordability and anti-competitive behaviour in technology. Such change can create uncertainty - but also interesting investment opportunities, as discussed by Cameron Robertson and Charles Brooks.
- **Article - Milk: A Nourishing Option for Investors.**² While plant-based milk-alternatives are gaining traction in Australia, the traditional dairy industry is still nascent in Asia, where milk and dairy consumption is low and rising – presenting some attractive investment opportunities, as James Foreman explains.
- **Video – Platinum's Four Guiding Investment Principles.**³ Since our founding in 1994, Platinum has consistently applied four key investment principles, which have withstood the test of time. Co-CIO Clay Smolinski explains these four principles and how they guide the investment team's search for mispriced stocks in the market.
- **Video – The Role of Mining in a Decarbonising World.**⁴ ESG and mining is set to be one of the big stories over the next decade. Investment specialist Douglas Isles sits down with resources and industrials analyst Liam Farlow to discuss the role that mining and metals will play in the decarbonisation of the world.
- **Video - LG Chem: Powering the EV Shift.**⁵ While LG Chem may look like an overnight success story, it's been a decade of R&D and investment that has taken it to where it is today – the world's No. 1 electric vehicle battery maker. Having first invested in LG Chem back in 2017, what made Platinum look under the hood of LG Chem and what's driving the expected long runway of earnings growth? Liam Farlow explains.

¹ <https://www.platinum.com.au/Insights-Tools/The-Journal/China-Societal-Change>

² <https://www.platinum.com.au/Insights-Tools/The-Journal/Milk-A-Nourishing-Option-for-Investors>

³ <https://www.platinum.com.au/Insights-Tools/The-Journal/Platinums-Four-Guiding-Investment-Principles>

⁴ <https://www.platinum.com.au/Insights-Tools/The-Journal/Video-Role-of-Mining-in-a-Decarbonising-World>

⁵ <https://www.platinum.com.au/Insights-Tools/The-Journal/LG-Chem-Powering-the-EV-Shift>

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).

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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. The returns shown are for PIF C Class units (launched on 30 April 1995). PIF'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. PIF'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. 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, PIF'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 PIF'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 PIF'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 PIF'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 PIF'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 PIF'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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