AUSTRALIAN
RESEARCH
INDEPENDENT INVESTMENT RESEARCH

Platinum Capital Limited (ASX: PMC)

Review

6 November 2023

INDEPENDENT INVESTMENT RESEARCH

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The research process includes the following protocols to ensure independence is maintained at all times:

1) The research process has complete editorial independence from the company and this is included in the contract with the company;

2) Our analyst has independence from the firm's management, as in, management/ sales team cannot influence the research in any way;

3) Our research does not provide a recommendation, in that, we do not provide a "Buy, Sell or Hold" on any stocks. This is left to the Adviser who knows their client and the individual portfolio of the client;

4) Our research process for valuation is usually more conservative than what is adopted in Broking firms in general sense. Our firm has a conservative bias on assumptions provided by management as compared to Broking firms;

5) All research mandates are settled upfront so as to remove any influence on ultimate report conclusion; and

6) All staff are not allowed to trade in any stock or accept stock options before, during and after (for a period of 6 weeks) the research process.

For more information regarding our services please refer to our website www.independentresearch.com.au.

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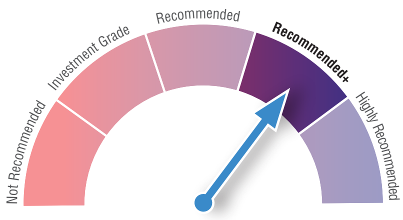
Platinum Capital Limited (ASX: PMC)

Review

Note: This report is based on information provided by Platinum Asset Management as at June 2023.

Rating



Key Investment Information (as at 30 September 2023)

ASX Code	PMC
Share Price ($)	1.285
Pre-tax NTA* ($)	1.51
Post-tax NTA ($)	1.49
Shares on Issue (m)	296.3
Market Cap ($m)	380.7
Premium/Discount to Pre-tax NTA*	-15.1%
Trailing 12-month Dividend Yield (net)	4.67%
Trailing 12-month Dividend Yield (grossed-up)	6.67%
Listing Date	June 1994
Investment Manager	Platinum Asset Management Ltd
Investment Structure	Listed Investment Company (LIC)
Dividend Frequency	Semi-annual
Fees:	
Management Fee (p.a), ex GST	1.10%
Performance Fee	15.00%
Performance Hurdle	MSCI All Country World Net Index, AUD

*After tax on realised gains and before tax on unrealised gains.

The investment opinion in this report is current as at the date of publication. Investors and advisers should be aware that over time the circumstances of the issuer and/or product may change which may affect our investment opinion.

PRODUCT SUMMARY

Platinum Capital Limited (ASX: PMC) is a listed investment company (LIC) that provides exposure to an actively managed portfolio of global equities with an absolute return focus. The Company has a long history with the Company listing on the ASX in 1994. The portfolio is managed by Platinum Asset Management Ltd (ASX: PTM) (the "Manager" or "Platinum"), an ASX-listed asset management company focused on global equities with $17.3 billion funds under management (FUM) as at 30 June 2023. The Company's primary objective is to provide capital growth over the long-term by investing in undervalued companies from around the world. While the Company's primary objective is capital growth, the Manager is also focused on preserving capital. The Manager seeks to mitigate the risk of capital loss by employing a range of strategies including the use of cash and adjusting cash levels, reallocating funds from overvalued to undervalued stocks and short selling, both individual stocks and indices. The Manager typically endeavours to maintain a cash level of 15%-30% to provide downside protection as well as provide the ability to take advantage of investment opportunities when they arise. The Manager has a long-term, contrarian approach to investing with the Manager seeking out companies who's business and growth prospects are temporarily undervalued by the market. The Manager has a flexible mandate with stock selection based on bottom-up fundamental analysis as opposed to a top down approach with little regard to the benchmark index. This results in the portfolio being highly differentiated from the benchmark index with regards to company, sector and geographic allocations. The Manager's fees are in line with its listed actively managed peers with the Company paying a management fee of 1.10% p.a. and the Manager eligible for a performance fee of 15.0% of the outperformance of the benchmark index.

INVESTOR SUITABILITY

An investment in PMC is suited to an investor seeking an actively managed portfolio that provides differentiated exposure to the global equities market. Given the index unaware investment style and flexible investment mandate, the Company will invariably have a portfolio that is compositionally different to the benchmark index and other actively managed listed global equity mandates. The value based investment approach of the Manager means investors should have a long-term investment horizon to reap the full benefits of the underlying investment strategy. Such a strategy will see the portfolio underperform during certain market cycles, particularly during periods where the market is being driven by growth and momentum thematics. The portfolio has historically and is expected to continue to provide capital preservation in down markets and is therefore suited to those investors looking for exposure to a portfolio that will limit losses in down markets. We do note however, that the share price does dislocate from the portfolio during certain periods and therefore the shareholder returns may not reflect the same level of capital preservation as provided by the portfolio.

RECOMMENDATION

Independent Investment Research (IIR) has maintained its **Recommended Plus** rating for Platinum Capital Limited (ASX: PMC). The contrarian, value based investment approach of the Manager has seen PMC's portfolio lag the benchmark index for over a decade and highlights that an investment in PMC is for long-term, patient investors that are seeking downside protection with the strategy consistently generating relative outperformance in negative markets. The protection in negative markets is a key contributor to the long-term outperformance of the strategy. While the strategy has underperformed, the Manager has stayed true to name and continues to invest in out-of-favour areas of the market that the Manager believes are undervalued. This has resulted in the portfolio being heavily underweight the US and overweight China. As such the relative performance of these markets will be a key driver of returns moving forward. As has been shown historically, the premium/discount at which the share price trades is driven by the relative performance of the portfolio. We expect this to be the case moving forward with demand for the Company likely increasing in the event of US market weakness. We note that the Company provides a differentiated exposure to both the benchmark and its peers and as such may provide an element of diversification to an investors global equity allocation.

SWOT

Strengths

- The Company employs strong risk management with regards to risk associated with an individual investment with position sizing of typically 0.5% to 3% at the time of investment and rarely has an individual security had more than a 5% weighting in the portfolio. This ensures that the portfolio performance is not overly dependent on the performance of a single security.
- The Company has a long history of delivering capital growth through the implementation of its investment strategy and philosophy.
- The Board comprises three Directors, all of which are independent of the Manager. Corporate governance is further improved given the Manager is an ASX-listed company and is therefore required to comply with the additional compliance requirements associated with a listed company.
- While the Company seeks to deliver capital growth and income, a key objective is to preserve capital. The manager has achieved this, with the portfolio preserving capital in negative markets as is highlighted in the Performance Analytics section below. Throughout its history, the portfolio has had very few periods of negative returns over 3 and 5 year rolling periods.
- The Manager is well resourced with an experienced team. While there has been some turnover in the senior ranks in the last three years, the current Portfolio Manager's have been long-term employees of the Manager, led by Andrew Clifford who was a co-founder of the business and took over as Chief Investment Officer in 2013. Clay Smolinski was appointed as co-Chief Investment Officer in 2021.
- The Manager has a multi-manager approach with the three Portfolio Manager's each managing a sleeve of capital. This results in diversification in ideas and investments in the portfolio. It also provides for succession planning with the ability to bring in new Portfolio Managers, starting with small sleeves and progressing to bigger sleeves of capital as they progress.
- We view the performance fee hurdle as a positive for a Company with an absolute return focus. The Manager is only eligible for a performance fee in the event the portfolio outperforms the benchmark index coupled with the High Water Mark hurdle. This means that shareholders are not subject to substantial performance fee leakage.

Weaknesses

- The Board's dividend policy is to smooth dividends. This has been the policy for an extended period of time. However, the Board are yet to strike the balance of paying out increased dividends during strong periods yet retaining sufficient reserves and franking credits for the maintenance of dividends during periods of portfolio weakness. This has resulted in annual dividend volatility over the last decade.
- The Company issued 73.9 million bonus options to shareholders on a 1-for-4 basis in April 2023. The exercise of the options will have the positive benefit of growth in the portfolio size combined with potentially improved liquidity through an increased number of shares on issue, however the exercise price was set at a discount to the NTA and as such will be dilutive. With that said, all shareholders were issued options on an equitable basis. With the exercise price being set at a discount to NTA this will likely see the shares continue to trade at a discount in the event the NTA continues to grow for the term of the options.

Opportunities

- Global equities provide the ability for an Australian investor to diversify their portfolio with the domestic market heavily weighted towards the Financials and Materials sectors and is heavily weighted to the top 50 companies by market capitalisation.
- The Company offers investors access to a portfolio that is differentiated from the broader global market and its peers and offers potential diversification to an investors global equities exposure.

Threats

- The Company has the ability to take short positions. There are increased risks associated with shorting stocks and indices with the potential for unlimited loss with respect to short positions. Investors should be comfortable with the additional risks associated with shorting before making an investment in the Company.

- To achieve the capital preservation objective, investors will give up some of the upside in positive markets, particularly strong markets. However over the long-term reducing the downside has contributed to the outperformance of the benchmark index.
- The Manager has a cautious view on the market and as such is positioned relatively defensive from a net exposure position. This has seen the portfolio underperform the broader market in recent times as the market continues to show resilience. In the event the market continues in its current direction the portfolio will likely continue to underperform given its current exposure levels, however may outperform if markets (particularly the US market) weakens.
- A feature of listed closed-ended funds is the share price may dislocate from the portfolio value depending on the supply and demand dynamics from investors. This can result in the Company trading at a premium or discount to the portfolio value. History has shown for PMC that during periods of outperformance the Company trades at a premium and then is oversold during periods of underperformance when compared to the benchmark. While improvements in the management of the dividend and improved liquidity through growing the Company is expected assist with reducing the severity of discounts at which the Company trades, we expect the primary driver for a narrowing of the discount will be improved relative performance to the benchmark. Given the positioning of the portfolio this will likely eventuate in the event China outperforms and the US weakens.

PRODUCT OVERVIEW

Platinum Capital Limited (ASX: PMC) is a listed investment company (LIC) that provides exposure to an actively managed portfolio of global equities with an absolute return focus. The Company has a long history with the Company listing on the ASX in 1994. The portfolio is managed by Platinum Asset Management Ltd (ASX: PTM), an ASX-listed asset management company focused on global equities with $17.3 billion Funds Under Management (FUM) as at 30 June 2023.

The Company's primary objective is to provide capital growth over the long-term by investing in undervalued companies from around the world. While the Company's primary objective is capital growth, the Manager seeks to mitigate the risk of capital loss by employing a range of strategies including the use of cash and adjusting cash levels, reallocating funds from overvalued to undervalued stocks and short selling, both individual stocks and indices. The Manager typically endeavours to maintain a cash level of 15%-30% to provide downside protection as well as provide the ability to take advantage of investment opportunities when they arise. The cash level has averaged 34.3% over the Company's history with a minimum of 9.5% and a maximum of 65.1%. The Manager will utilise shorting to provide downside protection when markets and or stocks earnings prospects are looking overvalued combined as well as to provide enhanced returns where opportunities are identified. While the Manager utilises short selling the portfolio will have a long-bias.

The long-term, index unaware, contrarian investment approach with the risk management overlay to minimise losses in market downturns, may see the portfolio underperform the benchmark and its competitors throughout market cycles. The Manager was founded on the basis that it is more important to minimise the risk of capital loss for clients than to achieve the maximum return possible knowing there would be periods of time where it lagged its competitors.

The portfolio is diversified with the portfolio typically comprising 70 to 140 securities. The Manager seeks to invest in an index unaware manner based on bottom-up fundamental analysis. The Manager has a value focus with a contrarian investment approach with the Manager often looking to those markets where share prices have been sold off and considered out-of-favour. The mandate provides the Manager significant flexibility with no geographic or industry/sector limitations. While there are no specific constraints with respect to these factors, the Manager will seek to construct a portfolio that is diversified by both geographic location and sectors, however the allocation will be dependent on the investment opportunities identified and as such exposure may be substantially different when compared to the benchmark index. This is highlighted by the portfolio as at 30 June 2023. The portfolio was substantially overweight the Asia Pacific region when compared to the benchmark index, with a net exposure of 40.5% to the region. The overweight position comes primarily from the allocation to China, a market in which the Manager believes offers opportunities with the market definitely out-of-favour at present. This compares to the benchmark index in which exposure to the Asia Pacific region is less than 10%. PMC also had a heavily underweight position to the US with a net position of 4.5% to the US with the Manager increasing its short position in this market. Differences in the allocations, which are driven to a large extent by the value focus and the contrarian investment approach, will result in the performance of the portfolio being highly differentiated from the benchmark index depending on the performance of the varying markets.

The Company will typically have a net exposure between 50% and 100% of the portfolio value, with the Company having a maximum gross exposure limit of 150% of the portfolio value. The Company may utilise short selling for risk management purposes or to increase returns with the Manager shorting stocks and indices that have been identified as being extravagantly overvalued.

There is generally limited risk associated with an individual security with it being unusual for an individual security to be more than 5% of the portfolio value at the time of investment, with individual positions typically ranging from 0.5%-3%. Throughout it's history, the largest position in portfolio has only exceeded 5% in 3 months throughout 2012 and 2013 which were the positions in the Japanese Topix Index.

Given the international exposure of the portfolio, the portfolio is exposed to foreign currency risk. The currency risk is actively managed by the Manager, with a component of the investment process dedicated to assessing the potential returns and risks created by currency exposure. The Manager seeks to position the portfolio to attempt to capture those returns while minimising the risks. The aim is to be exposed to the greatest extent possible to appreciating currencies while minimising exposure to depreciating currencies. The Manager may use foreign exchange forwards, swaps, non-deliverable forwards, currency options and spot foreign exchange trades.

The Company pays a management fee of 1.10%p.a of the gross assets of the Company. The Manager is also eligible for a performance fee of 15% of the annual outperformance of the MSCI All Country World, Net Index, AUD, calculated as at 30 June. The payment of a performance fee is subject to a High Water Mark whereby in the event the portfolio's annual return is less than the index, the amount of the underperformance is aggregated, carried forward and deducted from the annual performance in the subsequent year before calculating any performance fee for that year. The aggregate underperformance from prior periods is carried forward until a performance fee becomes payable. As at 30 June 2023, a total aggregate underperformance of 39.2% is needed to be made up before a performance fee will be payable.

Bonus Options Issue

On 27 April 2023, the Company issued 73.9 million bonus options. The options were issued on a 1-for-4 share basis with an exercise price of $1.37. The options can be exercised at any time up until 5pm on 28 March 2024 and are listed on the ASX under the code PMCO. Each option provides the ability to acquire one ordinary share in PMC. The exercise price represented a 12.5% discount to the pre-tax NTA per share as at 31 March 2023. Given this, the exercise of options will be dilutive.

The options were issued as part of the capital management initiatives that were announced to the market in late 2022. The purpose of the options issue is to potentially grow the assets of the Company and derive the benefits of an increased portfolio size and larger number of shares on issue.

The options offer shareholders the opportunity to potentially acquire additional shares in PMC at a discount to NTA, however the options may weigh on the share price for the duration of the options in the event the options become in-the-money. This could see the Company continue to trade at a discount for the duration the term of the options.

In the event all options are exercised, the Company would raise $101.2 million. In the event all options are exercised the number of shares on issue will increase by 25%. Any capital raised from the options will be invested in line with the investment strategy.

A small amount of options have been exercised since issue. The exercise of options will likely be dependent on continued growth in the NTA and the share price trading at levels which result in the options being in-the-money.

BOARD & INVESTMENT MANAGER

Board

The Board comprises three Directors, all of which are independent of the Manager. All Board members are part of the Audit, Risk and Compliance Committees. All Directors have a significant amount of experience with the Chair having over 35 years experience operating at board and senior management levels within the wealth management and investment banking sectors. The latest addition to the Board is Ian Hunter, who was appointed as a Director in September 2021. Jim Clegg, who had been on the Board since 2015, resigned during the year, effective 30 June 2023.

Board of Directors

Name	Position	Independence	Appointed to Board
Margaret Towers	Chair	Independent	Mar-18
Richard Morath	Director	Independent	Mar-09
Ian Hunter	Director	Independent	Sep-21

- **Margaret Towers - Chair (Independent):** Margaret is the Chair of the Board. Margaret has over 35 years' experience operating at board and senior management levels within the wealth management and investment banking sectors in the Australian financial services industry. Margaret is currently also a Non-Executive and Chair of Platinum Asia Investments Limited and was previously a Non-Executive Director of Platinum Asset Management Limited.
- **Richard Morath - Director (Independent):** Richard has over 40 years' experience in life insurance, funds management, banking and financial planning and is the longest serving member of the current Board. Richard is currently a Non-Executive Director of Platinum Asia Investments Limited.
- **Ian Hunter - Director (Independent):** Ian is the most recent addition to the Board, being appointed in September 2021. Ian has over 40 years' experience in finance and the investment industry having held several roles in Corporate Finance and Equity Capital Markets at international banks, most recently Bankers Trust Australia. Ian is currently a Non-Executive Director of Platinum Asia Investments Limited and Ironbark Capital Limited. He has previously served as a Non-Executive Director of several listed companies.

Investment Manager

Platinum Asset Management Ltd (the "Manager" or "Platinum") is the Manager of the portfolio. The Manager is a an ASX-listed asset management company specialising in global equities. The Manager was founded in 1994 and has $17.3 billion FUM as at 30 June 2023. The Manager has a single core investment style based on a fundamental, benchmark unaware, bottom up stock selection with the Manager focused on identifying undervalued companies.

The Manager currently offers a number of broad based regional strategies including: global, Asia ex-Japan, Japan and European equity strategies as well as a range of sector focused strategies. The largest offering by FUM is the Manager's flagship strategy, the Platinum International Fund, which had $6.6 billion FUM as 30 June 2023.

The Manager is well resourced with 122 staff at 31 March 2023, 26 of which are investment professionals. The investment team is structured into sector/regional teams each with a team leader who in most cases is also a Portfolio Manager. The structure is designed to foster a collaborative open approach and to facilitate the free flow of information between analysts and Portfolio Manager's.

There has been some turnover in the team across both junior and senior levels in recent years with the Manager acknowledging that their long-term contrarian investment approach is not suited to everyone. All current Portfolio Manager's commenced initially with the Manager as investment analysts and have been with the Manager for an average of 14 years. The team is led by the co-Chief Investment Officers, Andrew Clifford and Clay Smolinski.

There are three Portfolio Manager's dedicated to the international strategy which PMC is exposed, each of which manages an allocated sleeve of capital. The Portfolio Managers and their experience is detailed below. In addition to the capital managed by the Portfolio

Manager's, a small portion of capital is dedicated to the analysts for investment. This provides the potential for increased analyst engagement and a good learning tool.

- **Andrew Clifford: Co-Chief Investment Officer & Portfolio Manager -** Andrew is a co-founder of the Manager. Andrew previously worked at Bankers trust alongside Kerr Neilson perfecting the craft of uncovering the overlooked gems in the stock market. Andrew believes that irrational market sentiments and the consequential short-term volatility can often lead to opportunity in companies whose true worth is temporarily under-appreciated. Andrew applied this strategy at Bankers Trust in the BT Select Market Trust – Pacific Basin Fund has been applying and refining the same methodology over at Platinum. Andrew took over the role of Chief Investment Officer in 2013 and took over the role of Chief Executive Officer of the Platinum Group in July 2018. Andrew has considerable experience in the market seeing numerous investment cycles. Andrew currently co-manages Platinum's global strategies and Asia ex-Japan strategies.

- **Clay Smolinski: Co-Chief Investment Officer & Portfolio Manager -** Clay joined Platinum in 2006 as an analyst. Clay went on to manage the Platinum European Fund in 2009 and become sector lead of the financials and services team. Clay currently manages the Platinum Global Fund (Long Only), as well as co-manages Platinum's global strategies alongside Andrew Clifford. He is the leader of the technology and communications sector team and was promoted to co-Chief Investment Officer in April 2021.

- **Nikola Dvornak: Portfolio Manager -** Nikola joined Platinum in 2006 as an analyst in the financials and services sector. Nikola was appointed co-manager of the Platinum European Fund in 2014 and sole manager in 2017. In April 2021, Nikola became a co-manager of Platinum's global strategies along with Andrew Clifford and Clay Smolinski. Nikola remains co-manager of the Platinum European Fund and continues to cover the financials and services sector. Prior to joining Platinum, Nikola worked as an analyst at the Reserve Bank of Australia (RBA), the Australian Prudential Regulation Authority (APRA) and Commonwealth Securities.

Investment Team

Name	Position	Sector/Region Responsibility	Tenure with Manager (years)
Andrew Clifford	Co-Chief Investment Officer & Portfolio Manager - International & Asia Ex-Japan	Asia - Regional Specialist	29
Clay Smolinski	Co-Chief Investment Officer & Portfolio Manager - International & Global long only	Technology/ Communications	17
Nikola Dvornak	Portfolio Manager - International	Financials/ Services	17
Cameron Robertson	Portfolio Manager - Asia Ex Japan	Asia - Regional Specialist	13
Kirit Hira	Portfolio Manager - Asia Ex Japan	Asia - Regional Specialist	7
Adrian Cotiga	Portfolio Manager - Europe	Financials/ Services	8
James Halse	Portfolio Manager - Japan & International Brands	Japan - Regional Specialist	12
Biance Ogden	Portfolio Manager - International Health Care	Health Care	20
Alex Barbi	Portfolio Manager - International Technology	Technology/ Communications	25
Jimmy Su	Portfolio Manager - International Technology	Technology/ Communications	6
Jodie Bannan	Portfolio Manager - Global Transition	Resources/ Industrial Services	6
Liam Farlow	Portfolio Manager - Global Transition	Resources/ Industrial Services	9
Ben Robinson	Investment Analyst	Resources/ Industrial Services	1

Investment Team			
Name	**Position**	**Sector/Region Responsibility**	**Tenure with Manager (years)**
Julian McCormack	Investment Analyst	Resources/ Industrial Services	9
Kevin Chan	Senior Investment Analyst	Technology/ Communications	12
Tom Tao	Investment Analyst	Technology/ Communications	2
Jim Fawcett	Senior Investment Analyst	Financials/ Services	7
Manroop Singh	Investment Analyst	Financials/ Services	2
Andrew Baud	Senior Investment Analyst	Consumer	18
James Foreman	Senior Investment Analyst	Consumer	4
Zoe Middleton	Investment Analyst	Consumer	5
Dr. Lisa Worley	Investment Analyst	Health Care	2
Phillip Sellaroli	Senior Investment Analyst	Asia - Regional Specialist	6
Michael Wang	Investment Analyst	Asia - Regional Specialist	5
Leon Rapp	Senior Investment Analyst	Japan - Regional Specialist	12
Josh Pettman	Investment Analyst	Japan - Regional Specialist	1
Ricky Nemirovsky	Head of Trading	-	19
Troy Augustus	Trader & Analyst	-	13
Scott Edwards	Trader & Analyst	-	2
Sava Mihic	Head of Quantitative Analyst	-	8
Darren Lee	Quantitative Analyst	-	14
James Bullock	Quantitative Analyst	-	5
Average - Portfolio Manager			**14.1**
Average - Investment Analysts			**6.1**
Average - Total Team			**9.9**

INVESTMENT PROCESS

Investment Philosophy

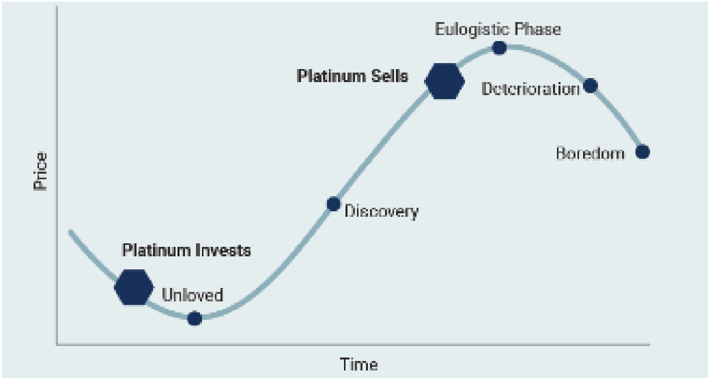
The Manager's investment approach is based around the belief that the best returns are found in companies that are out-of-favour or companies that have been overlooked in areas where there are significant changes underway, such as the competitive landscape, technological developments or government regulation.

Share prices of individual companies can deviate from their intrinsic value. The Manager seeks to take advantage of this temporary divergence, as is highlighted by the Share Price Cycle chart below. The divergences between the inherent value of a company and the market's perception and expectations of the company, are created from investor's inability to anticipate and fully comprehend change, compounded by emotional drivers such as fear and greed.

The key to the Manager's investment approach is distinguishing companies with sound businesses that are undergoing creative destruction, from those that are facing fundamental challenges. This requires independent thought and practical business acumen.

Adopting a contrarian approach to investing means that the Manager can periodically underperform given there can be a lag of months or years before the market recognises the intrinsic value of out-of-favour companies. Strong discipline is needed to adhere to the investment thesis and remain unperturbed by market volatility in both good times and bad.

Share Price Cycle



Source: Platinum Asset Management

Investment Process

The Manager's investment process has remained largely unchanged over the years with the Manager having a clear investment philosophy and process which it has followed since the Manager was established in 1994. The Manager is focused on seeking out the out-of-favour and overlooked parts of the market. By using themes and an industry focus, the Manager builds the portfolio from the bottom up with considerable energy attached to individual stock selection. The key elements of the Manager's investment style are:

- A bottom-up, stock selection methodology;
- Seeks absolute returns and not returns relative to any index:
- Utilises short selling of shares and indices:
- When undervalued stocks cannot be found, funds may be invested in cash: and
- Actively manages currency.

The investment process involves the following:

1) Idea Generation:

Generation of themes and ideas is eclectic in nature. In addition to applying the quantitative tools to look for signals of neglect, there is a constant input from observations of the changing socio-economic and political landscape as well as secular trends such as the technological disruptions of traditional industries and new consumer trends emerging amongst the growing middle class of some developing economies.

Importance is placed on the cross-pollination of ideas and the importance of applying a global perspective to each company's operations. The investment team is structured with the specific aim of fostering an open and collaborative environment and to facilitate the free exchange of information and ideas between analysts with different geographic and industry specialisations.

2) Screens:

The Manager uses screens which allow for the selection of companies based on specific criteria across a databank of companies. The process allows for the Manager to undertake cross-comparative studies of companies in its investable universe, which provide the ability to create short lists for companies identified as potential investment candidates. The Manager is typically seeking to identify companies or industry groups that are currently "out of favour" with investors.

3) Intensive Research:

Once a company has been identified as a potential investment opportunity it is then further investigated by the analyst allocated responsibility for the analysis, utilising a variety of resources, including material from the company itself and its competitors, consultation with experts, reports from stockbroking analysts and industry material. In addition to remote meetings, analysts may also visit the companies being studied as well as their competitors and suppliers.

The analysis includes a number of considerations which typically include but are not limited to:

- Whether the company's business is competitive and sustainable;
- The quality of the company's management;
- The company's ownership structure;
- Whether the company is financially sound;
- The company's price to earnings ratio, price to book ratio, and free cash flow; and
- Whether the company is likely to generate free cash flow that will grow.

The detailed report is prepared by the responsible analyst for all companies. Once complete, the report is subjected to the scrutiny of team members who meet to discuss and debate the merits of the case. The purpose of these meetings is to expose areas of concern and potential flaws in each investment proposal rather than to achieve a consensus.

4) Portfolio Construction:

The Manager has a multi-manager approach with the PMC strategy having three dedicated Portfolio Managers, each of which are allocated a sleeve of capital to manage. It is the responsibility of the Portfolio Manager's to make investment decisions based on the work undertaken by both themselves and the broader investment team.

The mandate provides significant flexibility with the Manger being largely unconstrained with regards to the construction of the portfolio. While there are limited constraints and despite the multi-manager approach to the portfolio, an individual position will unlikely exceed 5% of the portfolio with position ranges typically ranging between 0.5% and 3% of the portfolio value at the time of investment. The position sizing of stocks at the time of investment will reflect the level of conviction the Manager has in the stock. The Manager will seek to maintain a diversified portfolio of 70 to 140 positions.

With regards to exiting positions, the Manager may trim positions to take some of the profit off the table and manage positions sizes or may exit in the event the investment thesis has changed, sales and earnings expectations are consistently not being met, or the valuation has become overstretched and the Manager is seeking to reallocate to capital other opportunities identified. In the event, no compelling investment opportunities can be found the Manager will hold cash and when the Manager's research reveals companies whose prospects are improbable and extravagantly overvalued, short-selling may be undertaken, with the goal to manage portfolio risk as well as increase returns.

Key Investment Guidelines	
Geographic Limits	None
Industry/Sector Limits	None
Number of Securities in Portfolio	Typically 70 to 140
Net Equity Exposure	Typically 50% - 100% of net asset value
Cash Holdings	Typically 0%-40% of net asset value but can have up to 100% cash.
Individual Security Limits	No limits however it is unusual for an individual security to exceed 5% of the net asset value at the time of investment.
Short Selling	PMC may short-sell securities and indices for risk management purposes or as a way to take opportunities to increase returns, subject to limits regarding the use of leverage and derivatives.
Currency Management	Currency exposures are actively managed with the aim of capturing the returns and minimising the risks arising from the portfolio's exposure to foreign currency fluctuations, which can change the value of the equity investments measures in PMC's reporting currency (AUD). Platinum may manage currency exposures using foreign exchange forwards, swaps, non-deliverable forwards, currency options and spot foreign exchange trades.
Leverage	PMC does not use borrowings except for short-term overdrafts for trade settlement, however PMC may be leveraged through the use of derivatives.

Key Investment Guidelines	
Derivatives	The Manager may use derivative instruments for risk management purposes and as a way to take opportunities to increase returns, such as to gain access to markets not readily available to foreign investors or to establish short positions. Both over-the-counter (OTC) derivatives and exchange-traded derivatives are permitted. The effective exposure from derivative positions must not exceed 100% of the Company's net asset value. The gross exposure must not exceed 150% of the Company's net asset value.
Securities Lending	Not undertaken

PORTFOLIO POSITIONING

The Manager has a flexible mandate with regards to portfolio construction with the portfolio positioning driven by the bottom up fundamental analysis and conviction in a company. The portfolio is managed in a benchmark unaware manner and as such will vary significantly from the benchmark positioning over time. This is highlighted by the top 10 holdings as at 30 June 2023. The portfolio had positions in 3 of the top 10 stocks in the benchmark although they were underweight positions when compared to the benchmark weighting and was short one of the top 10 stocks.

Top 10 Holdings (as at 30 June 2023)			
PMC Portfolio		MSCI ACWI, AUD	
Company Name	**Weighting**	**Company Name**	**Weighting**
Microchip Technology Inc	3.70%	Apple	5.30%
ZTO Express Cayman Inc	3.70%	Microsoft Corp	4.05%
Minebea Co Ltd	3.50%	Amazon	2.10%
Samsung Electronics Co	3.10%	Nvidia	1.97%
InterGlobe Aviation Ltd	2.80%	Alphabet A	1.35%
Ping An Insurance Group	2.60%	Tesla	1.30%
Allfunds Group Plc	2.60%	Alphabet C	1.22%
Airbus SE	2.40%	Meta Platforms A	1.20%
UPM-Kymmene OYJ	2.40%	UnitedHealth Group	0.81%
Suzano SA	2.30%	JP Morgan Chase & CO	0.79%
	29.10%		**20.09%**

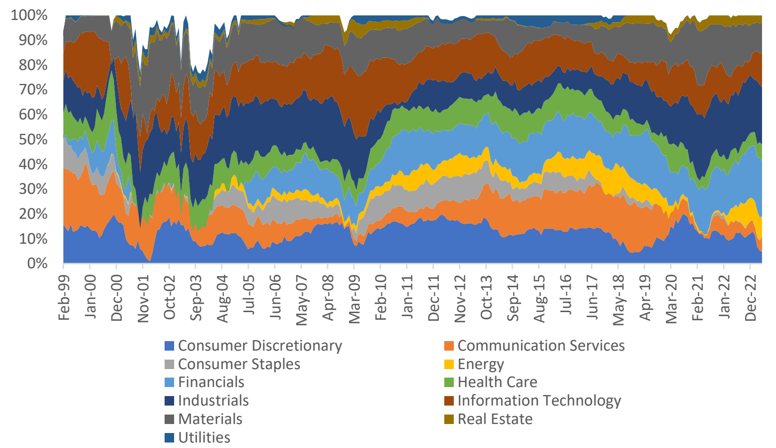
Source: Platinum Asset Management, MSCI.

The largest sector allocation as at 30 June 2023 for the portfolio was to Industrials, with a 16.9% net allocation this sector, followed by the Financials sector with a 15.2% net allocation. The sector allocations will differ throughout cycles and will be driven by bottom-up stock picking. This is evidenced by the historical sector allocation chart provided below.

PMC Sector Allocation (as at 30 June 2023)

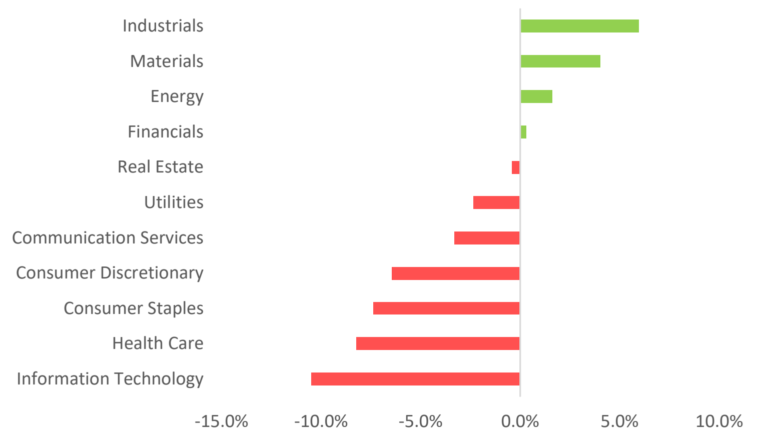
Sector	Long	Short	Net
Industrials	23.3%	-6.4%	16.9%
Financials	16.6%	-1.4%	15.2%
Information Technology	13.8%	-2.2%	11.6%
Materials	8.5%	-0.3%	8.2%
Energy	6.3%	0.0%	6.3%
Consumer Discretionary	9.0%	-4.5%	4.6%
Health Care	4.3%	0.0%	4.3%
Communication Services	4.3%	-0.4%	3.9%
Real Estate	2.3%	-0.3%	2.0%
Utilities	0.4%	0.0%	0.4%
Consumer Staples	0.4%	-0.5%	-0.1%
Other	0.2%	-0.5%	-0.2%
Total	89.4%	-16.4%	73.1%
Cash	10.6%	16.4%	27.1%

PMC Historical Net Sector Allocation



When compared to the benchmark index at 30 June 2023, the portfolio had a significantly different composition. The largest overweight allocation was to the Industrials sector, while the largest underweight sector allocation was to Information Technology. The underweight exposure to the Information Technology sector is what you would expect from Platinum's investment style given the exuberance surrounding a number of companies in this sector.

PMC Portfolio Active Sector Weight Compared to Benchmark (as at 30 June 2023)



The regional allocation of the portfolio will differ substantially from the benchmark index during certain periods of time. This is driven by the value focus and contrarian investment approach. The Manager had a heavily underweight position to the US at 30 June 2023 with the US having the largest short exposure of the regions. The portfolio is heavily overweight the Asia Pacific region, predominantly due to the overweight exposure to China. The Manager is seeking to take advantage of opportunities that it has identified in this out-of-favour market. The portfolio is also overweight Japan with a positive view on this market at present.

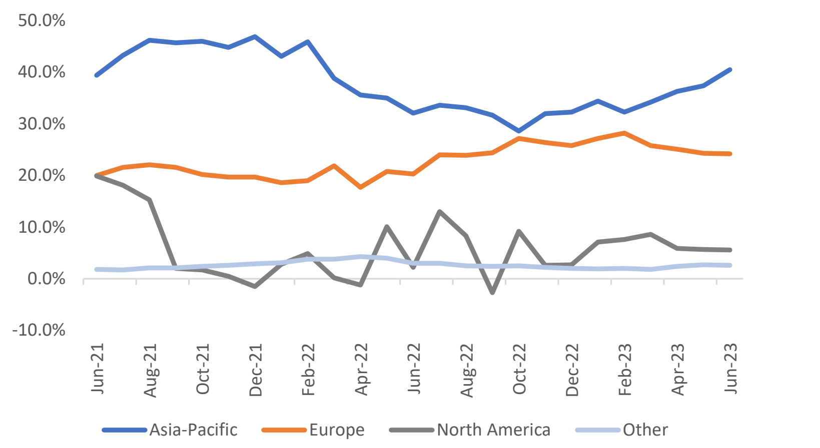
PMC Regional Allocation (as at 30 June 2023)

Region	Long	Short	Net
Asia Pacific	**42.1%**	**-1.6%**	**40.5%**
Australia	3.2%	-0.5%	2.7%
China	20.3%	0.0%	20.3%
Hong Kong	0.0%	0.0%	0.0%
India	2.8%	0.0%	2.8%
Japan	9.0%	-0.8%	8.2%
South Korea	4.9%	-0.1%	4.7%
Taiwan	1.6%	0.0%	1.6%
Other	0.4%	-0.1%	0.2%
Europe	**25.0%**	**-0.8%**	**24.2%**
Austria	2.1%	0.0%	2.1%
Finland	2.4%	0.0%	2.4%

PMC Regional Allocation (as at 30 June 2023)			
Region	**Long**	**Short**	**Net**
France	3.7%	-0.1%	3.6%
Germany	3.0%	0.0%	3.0%
Italy	1.6%	0.0%	1.6%
Netherlands	2.0%	0.0%	2.0%
Switzerland	1.3%	-0.1%	1.2%
United Kingdom	7.2%	0.0%	7.2%
Other	1.7%	-0.6%	1.1%
North America	**19.5%**	**-14.0%**	**5.6%**
Canada	1.1%	0.0%	1.1%
US	18.4%	-14.0%	4.5%
Other	**2.8%**	**-0.1%**	**2.6%**
Total Market Exposure	**89.4%**	**-16.4%**	**72.9%**
Cash	10.6%	16.4%	27.1%

The below chart looks at the regional net exposure of the portfolio over the two years to 30 June 2023. The Manager has reduced it's net exposure to North America, which is predominantly US exposure, over the last two years. The Manager has been increasing the short exposure to the US with the Manager of the view that parts of the market are overvalued and subject to downside risks with the Manager focused on other regions. This is in stark contrast to the benchmark index which typically has a weighting to North America of ~70%. The Manager has been overweight Europe and Asia Pacific for the last two years. The dispersion means that out or under performance of the portfolio will be a result of the performance of the US market compared to other regions.

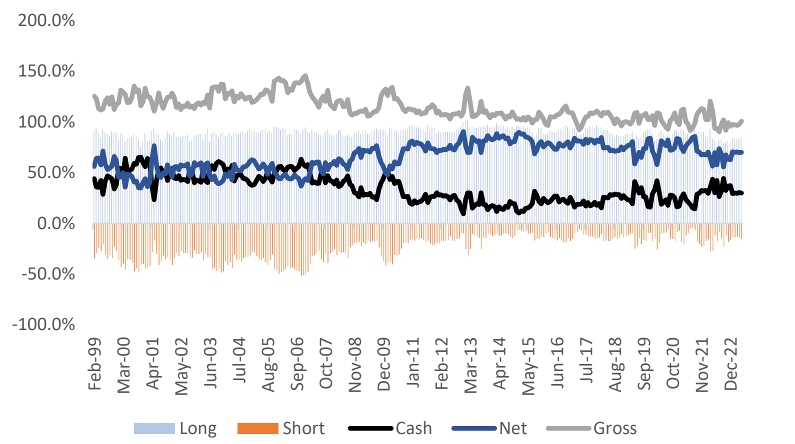
Regional Net Exposure (30 June 2021 to 30 June 2023)



The Manager has the mandate to invest both long and short to achieve its investment objectives. The net exposure is expected to typically be 50% to 100% of the Company's portfolio value. Throughout its history the Company has had a minimum net exposure of 34.9% and a maximum of 90.5%, with an average net exposure of 65.7%.

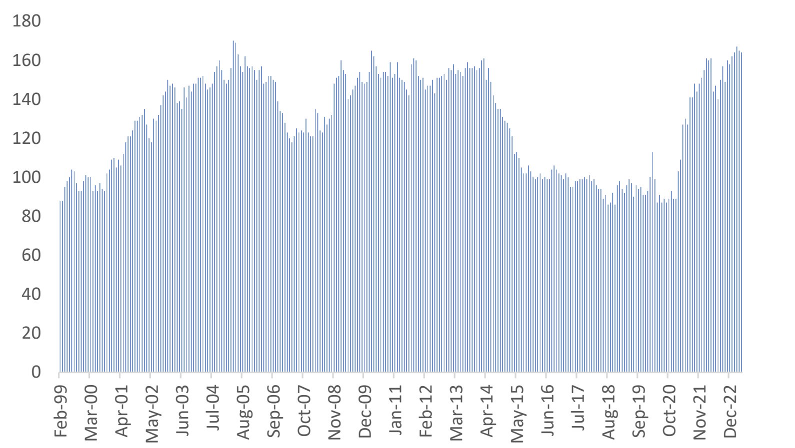
While the Manager can invest both long and short, the portfolio tends to have a long bias as is highlighted by the below chart. The long exposure of the portfolio was below the long-term average as at 30 June 2023 with cash levels elevated. The short exposure continues to be actively managed, with short exposure sitting below the long-term average at 30 June 2023 yet at increased levels than the low levels in mid-2021. There are currently elevated risks in the market and given the Manager's view that the market is yet to price in the risks of a US recession, we would anticipate the Manager would further reduce it's net exposure to the market if there are signs of further economic weakness until such point the Manager sees attractive value in the market to commence increasing its exposure. While the Manager remains cautious of certain market valuations, the Manager is focused on identifying longer-term opportunities with a focus on companies that will benefit from the decarbonisation of the global economy, diversification of supply chains and reshoring of production, ongoing higher levels of interest rates and a recovering China.

Historical Long Short Exposure



The portfolio is diversified, typically holding 70 to 140 securities. The portfolio has largely operated within this band with an average number of securities of 129 over its history with a maximum of 170 and a minimum of 86. The level of diversification in the portfolio will be determined by the number of investment opportunities identified with the Manager adjusting the exposure to the market to provide downside protection to the portfolio. As can be seen below, the number of securities in the portfolio declined from 2014 before increasing again in 2021. During the period from 2014 to 2021, the net exposure of the portfolio declined, driven primarily from a reduction in the long exposure of the portfolio as opposed to a meaningful increase in short positions. Despite the portfolio having a greater number of securities from 2021, the long exposure of the portfolio has actually decreased with the short exposure and cash levels increasing throughout this period.

Historic Number of Securities in the Portfolio



While the Manager has a long-term investment horizon there is a high level of turnover in the portfolio with the Manager actively adjusting its position sizing and net equity exposure to the market. Over the six financial years to 30 June 2023, the portfolio has had an average annual turnover of 115.8%. The level of turnover will be dependent on the market conditions at any given time with the Manager selling companies with over stretched valuations and seeking to reduce the net equity exposure when markets are looking overly lofty.

Annual Portfolio Turnover	
FY18	70.9%
FY19	93.2%
FY20	138.3%
FY21	151.9%
FY22	133.6%
FY23	106.7%
Average	**115.8%**

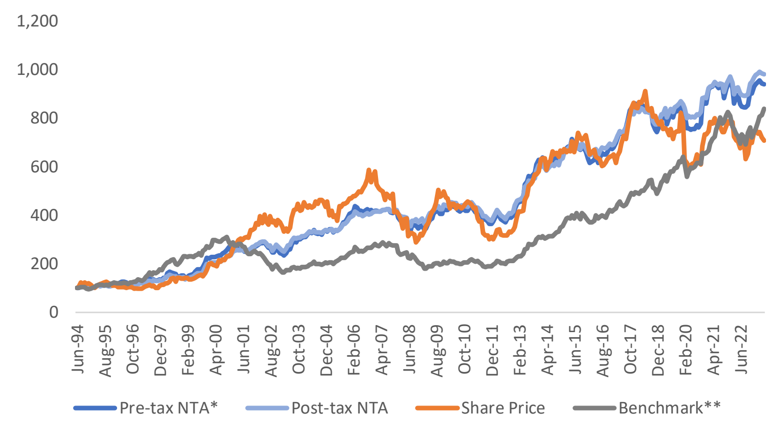
Source: Platinum Asset Management

PERFORMANCE ANALYTICS

The below looks at the performance of the PMC portfolio, represented by the pre-tax NTA (NTA after tax on realised gains and before tax on unrealised gains) and post-tax NTA and the shareholder returns compared to the benchmark index (MSCI AC World Index, Net, AUD). We note that the pre-tax NTA incorporates tax on realised gains and therefore is a not a direct comparison to the benchmark index which is pre any capital gains tax. The LIC structure and the payment of tax allows for the Company to distribute franking credits to shareholders.

PMC has outperformed the benchmark index since listing on a pre-tax NTA and post-tax NTA basis, as shown in the below chart. Up until recently, shareholder returns had also outperformed the benchmark index, however a dislocation from the portfolio performance has seen the share price decline resulting in the shareholder returns underperforming the benchmark index since listing to 30 June 2023.

Indexed PMC NTA* & Share Price Returns vs. Benchmark



*NTA after tax on realised gains but before tax on unrealised gains.

**MSCI AC World Index, Net, AUD. Prior to December 2000 the benchmark reflects the MSCI AC World Index, Gross, AUD.

Looking at the performance of the portfolio and the share price to 30 June 2023, the portfolio (represented by the pre-tax NTA) has underperformed the benchmark index over the 1, 3, 5,and 10 year periods, however has outperformed since listing. The portfolio has underperformed over the short-and-medium term, with the portfolio impacted by its market exposure combined with the underperformance of value stocks more broadly.

Performance Metrics to 30 June 2023

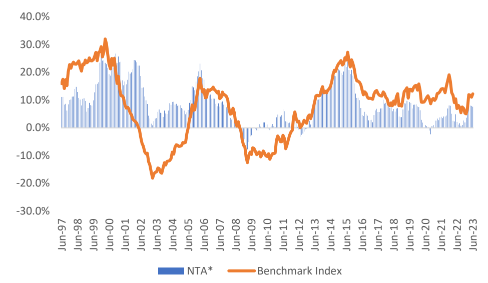
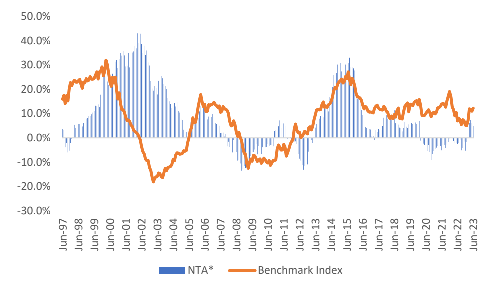
	Pre-tax NTA*	Post-tax NTA	Share Price	Benchmark**
Cumulative Total Returns:				
1 year	9.82%	8.94%	4.65%	20.38%
3 year (p.a.)	7.56%	6.75%	4.92%	12.24%
5 year (p.a.)	2.43%	3.53%	-4.94%	10.38%
10 year (p.a.)	5.74%	6.44%	3.88%	12.27%
Since Listing (p.a.)	8.03%	8.19%	6.98%	7.60%
Standard Deviation:				
1 year	7.65%	5.40%	17.46%	12.22%
3 year (p.a.)	11.13%	7.89%	15.38%	10.89%
5 year (p.a.)	11.03%	7.86%	16.86%	11.73%
10 year (p.a.)	10.17%	7.53%	15.09%	10.57%
Since Listing (p.a.)	11.15%	9.06%	17.51%	11.85%
Tracking Error:				
1 year	12.35%	12.44%	13.60%	na
3 year (p.a.)	11.72%	10.54%	12.56%	na
5 year (p.a.)	10.18%	9.58%	15.91%	na
10 year (p.a.)	8.13%	7.62%	15.13%	na
Since Listing (p.a.)	9.81%	9.15%	18.12%	na

*NTA after tax on realised gains and before tax on unrealised gains.

**MSCI AC World Index, Net, AUD. Prior to December 2000 the benchmark reflects the MSCI AC World Index, Gross, AUD.

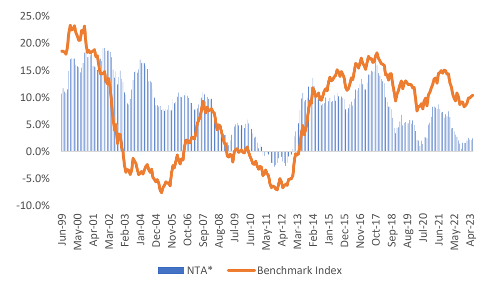
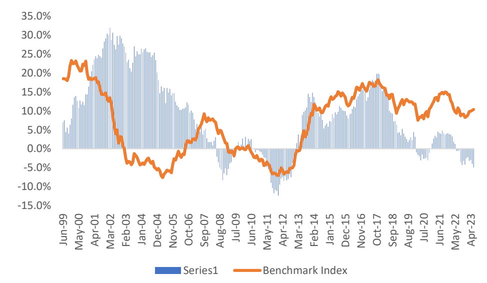
Given the Manager has a longer-term investment time frame we have provided the 3 and 5 year rolling pre-tax NTA and share price returns over its history to 30 June 2023. The below charts highlight the downside protection that the portfolio (represented by NTA after tax on realised gains and before tax on unrealised gains) has provided with the portfolio outperforming the benchmark index during periods of negative returns. Over 3 year rolling periods, the portfolio has had just 27 negative returns out of the 313 periods to 30 June 2023, with the portfolio having a negative return in just 8.6% of periods. This compares to the benchmark index which has had 78 negative periods, representing 24.9% negative return periods. When looking at 5 year rolling periods, the portfolio has had a negative return in just 7.3% of periods compared to the benchmark index which has had negative returns in 30.4% of periods. Suffice to say, the portfolio has delivered on its capital preservation objective.

Rolling 3-year Annualised NTA* & Share Price Performance Compared to the Benchmark Index

NTA*	Share Price
	

*NTA after tax on realised gains and before tax on unreallised gains.

Rolling 5-year Annualised NTA* & Share Price Performance Compared to the Benchmark Index

NTA*	Share Price
	

*NTA after tax on realised gains and before tax on unrealised gains.

The below table shows the markets in which the PMC portfolio performs based on the benchmark returns over rolling 12-month periods from listing to 30 June 2023. The results highlight that the portfolio delivers on its objective of providing capital preservation with the portfolio outperforming in a large percentage of negative market periods. The portfolio typically underperforms in strong markets, as is typical of value focused strategies and reflects the investment philosophy and strategy of the Company of rotating out of overvalued stocks and increasing short exposure when markets are believed to be over extended.

Performance of PMC NTA* in Varying Market Conditions

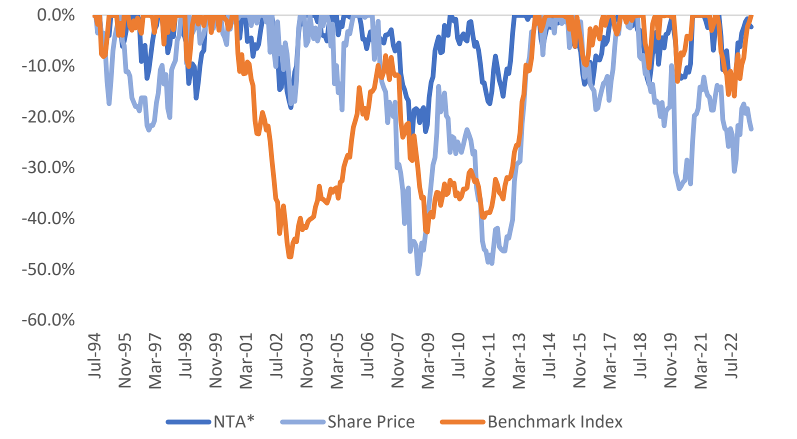
Rolling 12-month Market Return	Number of Periods	Number of Periods of Outperformance	% of Periods of Outperformance
Strong Markets (>10%)	164	63	38.4%
Moderate Markets (0%-10%)	86	27	31.4%
Negative Markets (<0.0%)	87	63	72.4%
Total	**337**	**153**	**45.4%**

*NTA is after tax on realised gains and before tax on unrealised gains.

The capital preservation provided by the portfolio is further highlighted by the drawdowns chart below. While the portfolio offers capital preservation, the same cannot always be said for shareholder returns, which often dislocates from the portfolio performance. Much of the outperformance during the early 2000's was a result of the reduced net exposure to the market, a period where the portfolio had its lowest net exposure in its history.

Given the current net exposure of the portfolio we would expect the portfolio to provide downside protection in the event of near-term market weakness in the US. However, the net position will likely result in underperformance of the market in the event the positive market performance continues.

Drawdowns

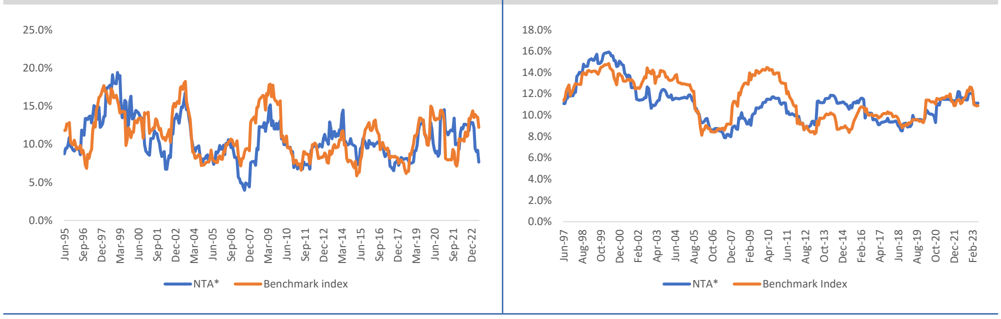


*NTA is after tax on realised gains and before tax on unrealised gains.

The portfolio (as represented by the NTA after tax on realised gains and before tax on unrealised gains) has had periods of lower volatility than the benchmark index. The portfolio will typically have lower levels of volatility than the benchmark index during periods where the portfolio has reduced levels of net exposure.

Rolling Standard Deviation (since listing to 30 June 2023)

Rolling 12-month Standard Deviation	Rolling 3-year Standard Deviation

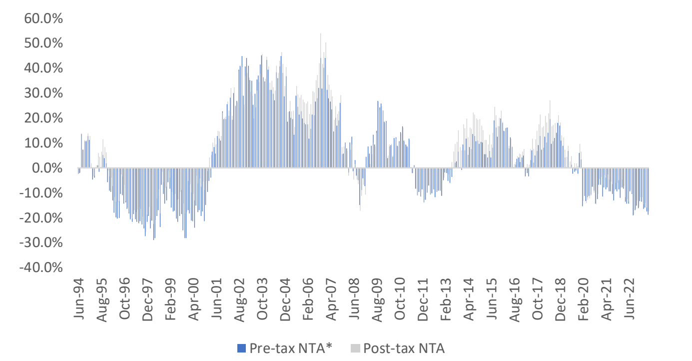


*NTA is after tax on realised gains and before tax on unrealised gains.

Premium/Discount

Throughout its history, PMC has traded at both premiums and discount to NTA (pre-tax and post-tax) as highlighted in the below chart. During the period 2001 to 2008, the Company traded at a substantial premium to NTA with an average premium to pre-tax NTA of 25.8% from 31 December 2000 to 31 December 2007. It was during this period that the portfolio outperformed the benchmark index and delivered a strong dividend stream.

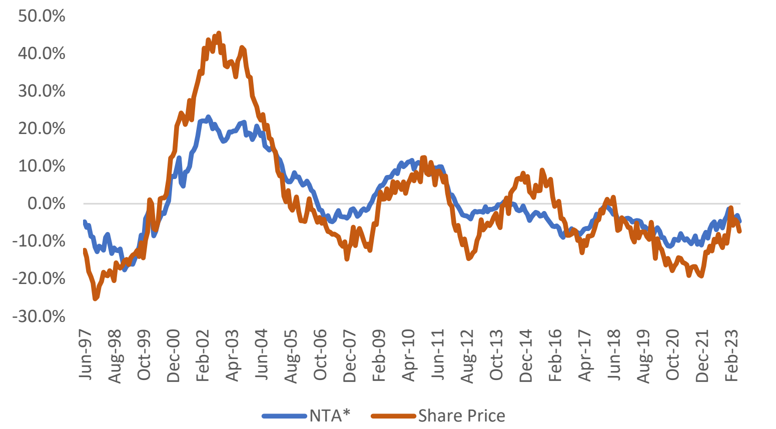
Historical Premium/Discount (based on month-end data)



*NTA is after tax on realised gains and before tax on unrealised gains.

The below chart details the 3-year rolling total cumulative excess returns of the NTA (after tax on realised gains and before tax on unrealised gains) and the share price compared to the benchmark index. This chart highlights that historically, shareholder returns have outperformed the portfolio during periods of outperformance of the portfolio when compared to the benchmark index, and underperformed the portfolio when the portfolio has underperformed the benchmark index.

Rolling 3-year Excess Returns of NTA" and Share Price



*NTA is after tax on realised gains and before tax on unrealised gains.

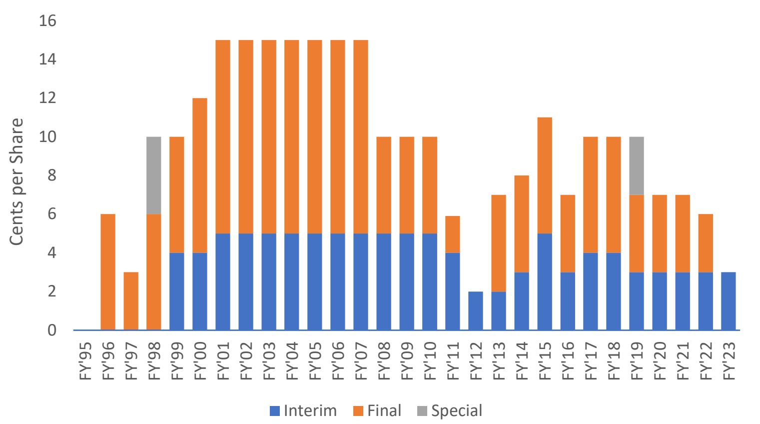
Dividends

The below shows the dividends declared by financial year over the Company's history. The Company commenced paying dividends shortly after listing. All dividends paid have been fully franked. The Company grew the dividend amount quickly and maintained a full year dividend of 15 cents per share for the FY'2001 to FY'2007 periods, before dividends were cut as a result of the market weakness experienced during the GFC.

Historically, the Board has opted not to pay out the maximum fully-franked dividends available in any given year as it has a policy to smooth dividends, which is one of the key benefits/ differentiators of a LIC. While we view this as an appropriate policy, the Board are yet to strike the balance of paying out increased dividends during strong periods however retaining sufficient reserves and franking credits for the maintenance of dividends during periods of portfolio weakness. This has resulted in annual dividend volatility over the last decade.

Based on the profits reserve as at 30 June 2023, the Company had over 7 years of dividend coverage, based on the current number of shares on issue and an annual dividend of 6 cents per share. At 30 June 2023, after providing for the FY23 final dividend, the Company had sufficient franking credits to pay fully franked dividends of 5.4 cents per share without the accumulation of any addition franking credits. As such, the Company is in a position to maintain just shy of one years fully franked dividend of 6 cents per share. The Company does not believe it is in shareholder's best interest to pay unfranked dividends, and therefore intends to pay only fully franked dividends.

Dividends Declared by Financial Year



PEER COMPARISON

The below looks at the key features and performance of PMC compared to its listed peers. The peer group includes both listed closed-ended funds (LICs and LITs) and open-ended funds (ETMFs). While PMC uses shorting, it has a long bias and does not gear long positions. As such, we have compared PMC to listed funds with primarily a long only global mandate. This area of the market is competitive with a number of options available to investors.

A number of funds in the peer group are relatively newly listed vehicles with less than half of the peer group having a track record of three years or more to 30 June 2023. PMC is one of only two vehicles to have a track record of more than ten years. While a number of the vehicles are new to the listed space, many of the ETMF's are based on strategies that have much longer track records operating as unlisted funds. We note that the below only looks at the performance of funds from the date of listing.

The strategy implemented for PMC can also be accessed through an ETMF - Platinum International Fund (Quoted Managed Hedge Fund) (ASX: PIXX). Some of the key differences between the two vehicles are:

- PMC is a closed-ended fund with a closed pool of capital while PIXX is an open-ended fund and therefore the AUM will increase and decrease based on the demand for the fund.
- PMC has a company structure that pays tax and generates franking credits that can be passed on to shareholders through franked dividends. PIXX is a trust structure that does not pay tax and therefore will only pass on franking credits received from dividends from companies in the portfolio. Given the global mandate, distributions are likely to be unfranked.
- Under the company structure, PMC can retain capital gains and income generated to smooth dividends. PIXX as a trust structure is required to distribute all distributable income in any given year. As such, PIXX distributions will likely be more volatile than PMC's dividends.
- PMC pays a semi-annual dividend while PIXX pays an annual distribution.

LMI Peer Group

LMI	Ticker	Structure	Listing Date	Market Cap ($m)*	Dividend Frequency
MFF Capital Investments	MFF	LIC	Dec-06	1,543.4	Semi-Annual
Magellan Global Fund	MGF	LIT	Nov-20	2,405.2	Semi-Annual
Pengana International Equities Limited	PIA	LIC	Jun-11	263.3	Quarterly
Platinum Capital Limited	**PMC**	**LIC**	**Sep-94**	**372.4**	**Semi-Annual**
WAM Global Limited	WGB	LIC	Jun-18	655.4	Semi-Annual
WCM Global Growth Limited	WQG	LIC	Jun-17	222.7	Quarterly
Apostle Dundas Global Equity Fund - Class D Units (Managed Fund)	ADEF	ETMF	Feb-21	14.6	Semi-Annual
Antipodes Global Shares (Quoted Managed Fund)	AGX1	ETMF	Nov-18	341.2	Annual
Barrow Hanley Global Share Fund (Managed Fund)	GLOB	ETMF	Jun-22	41.7	Semi-Annual
Hyperion Global Growth Companies Fund (Managed Fund)	HYGG	ETMF	Mar-21	2,221.9	na
Intell Invest Select Value Shr Fund (Managed Fund)	IISV	ETMF	Mar-23	24.7	na
Loomis Sayles Global Equity Fund (Quoted Managed Fund)	LSGE	ETMF	Oct-21	40.0	na
Munro Global Growth Fund (Hedge Fund)	MAET	ETMF	Nov-20	172.9	Annual
Munro Concentrated Global Growth Fund (Managed Fund)	MCGG	ETMF	Feb-22	1.0	Annual
Magellan Global Fund - Open Class Units (Managed Fund)	MGOC	ETMF	Nov-20	7,052.9	Semi-Annual
Magellan High Conviction Trust (Managed Fund)	MHHT	ETMF	Oct-19	450.6	Annual
Montaka Global Equities Fund (Managed Fund)	MOGL	ETMF	Dec-17	68.8	Semi-Annual
Platinum International Fund (Quotes Managed Hedge Fund)	PIXX	ETMF	Sep-17	315.4	Annual
Talaria Global Equity Fund (Managed Fund)	TLRA	ETMF	Aug-08	1,313.1	Quarterly
Firetrail S3 Global Opportunities Fund (Managed Fund)	S3GO	ETMF	Oct-22	9.8	Semi-Annual
WCM Quality Global Growth Fund (Quoted Managed Fund)	WCMQ	ETMF	Sep-18	325.6	Annual
Alphinity Global Equity Fund (Managed Fund)	XALG	ETMF	Jan-23	416.2	na

*As at 30 June 2023.

The fees associated with PMC are in line with the peer group median for both management and performance fees. We view the MSCI All Country World Net Index, AUD for the performance fee hurdle coupled with the High Water Mark as an appropriate performance fee hurdle for the strategy.

Peer Group Fees

LMI	Ticker	Management Fee, ex GST	Performance Fee	Performance Hurdle
MFF Capital Investments	MFF	1.14%	0.00%	na
Magellan Global Fund	MGF	1.23%	10.00%	Higher of MSCI World NTR Index/10-year Aust Gov Bond yield
Pengana International Equities Limited	PIA	1.12%	15.38%	MSCI Total Return Index, Net Dividends Reinvested, AUD
Platinum Capital Limited	**PMC**	**1.10%**	**15.00%**	**MSCI AC World Index, Net, AUD**
WAM Global Limited	WGB	1.25%	20.00%	MSCI World Index. Net, AUD
WCM Global Growth Limited	WQG	1.25%	10.00%	MSCI AWCI ex Australia, AUD
Apostle Dundas Global Equity Fund - Class D Units (Managed Fund)	ADEF	0.82%	0.00%	na
Antipodes Global Shares (Quoted Managed Fund)	AGX1	1.00%	15.00%	MSCI ACWI NR AUD
Barrow Hanley Global Share Fund (Managed Fund)	GLOB	0.90%	0.00%	na
Hyperion Global Growth Companies Fund (Managed Fund)	HYGG	0.64%	20.00%	MSCI World Accumulation Index, AUD
Intell Invest Select Value Shr Fund (Managed Fund)	IISV	0.88%	15.00%	Higher of the Index and the Absolute Return (RBA Cash Rate)
Loomis Sayles Global Equity Fund (Quoted Managed Fund)	LSGE	0.90%	0.00%	na
Munro Global Growth Fund (Hedge Fund)	MAET	1.23%	10.00%	Higher of 6% or the Australian Government 10 year bond yield + 3.5%
Munro Concentrated Global Growth Fund (Managed Fund)	MCGG	0.64%	10.00%	MSCI World Ex Australia NR AUD
Magellan Global Fund - Open Class Units (Managed Fund)	MGOC	1.23%	10.00%	Hihger of MSCI World Net Total Return index, AUD Return and Absolute Return (10-year Australian Government Bond)
Magellan High Conviction Trust (Managed Fund)	MHHT	1.36%	10.00%	10-year Australian Government Bonds yield
Montaka Global Equities Fund (Managed Fund)	MOGL	1.15%	15.38%	MSCI World Net Total Return Index, AUD
Platinum International Fund (Quotes Managed Hedge Fund)	PIXX	1.10%	15.00%	MSCI AC World Index, Net, AUD
Talaria Global Equity Fund (Managed Fund)	TLRA	1.05%	0.00%	na
Firetrail S3 Global Opportunities Fund (Managed Fund)	S3GO	0.65%	15.00%	MSCI World Net Total Return Index, AUD
WCM Quality Global Growth Fund (Quoted Managed Fund)	WCMQ	1.14%	0.00%	MSCI AWCI ex Australia, AUD
Alphinity Global Equity Fund (Managed Fund)	XALG	0.68%	10.00%	MSCI World Net Total Return Index, AUD
Median		**1.10%**	**10.00%**	

The below table looks at the performance of the peer group portfolios over 1, 3, 5 and 10 year periods to 30 June 2023. For LICs the portfolio performance is represented by the NTA after tax on realised gains and before tax on unrealised gains, while for LITs and ETMFs the performance is based on the NAV, with all performance calculations including dividends/distributions. We note that the NAV for the trust structure does not include any tax provisions.

Over the 12-months to 30 June 2023, the PMC portfolio has performed in the bottom quartile from an absolute return perspective, however the returns have been delivered with substantially lower volatility than most of the peers returns. The lower volatility did not provide much improvement on a risk-adjusted return basis though, with PMC portfolio returns being in the third quartile on a risk-adjusted basis. A number of the below funds are largely exposed to the US. As has been highlighted in the report above, PMC's portfolio is substantially underweight this market and heavily overweight China. These two markets have performed inversely over the 12-months to 30 June 2023, with the US market performing strongly while the China market has been negative. This has flowed through to the relative portfolio performance. Given the structure of the PMC portfolio compared to its peers, the portfolio provides a differentiated exposure to many of its peers and will therefore provide a differentiated return profile to its peers.

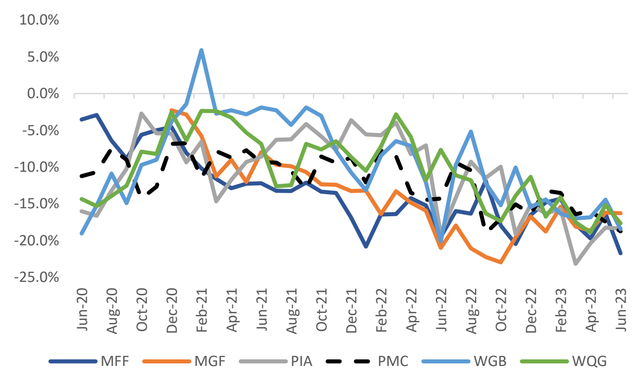
Portfolio (pre-tax NTA/NAV) Performance Metrics (to 30 June 2023)

	Total Cumulative Return*				Standard Deviation			
	1 year	3 year (p.a.)	5 year (p.a.)	10 year (p.a.)	1 year	3 year (p.a.)	5 year (p.a.)	10 year (p.a.)
MFF	27.3%	9.5%	8.9%	13.9%	19.8%	16.3%	16.7%	15.2%
MGF	21.2%	na	na	na	14.1%	na	na	na
PIA	21.5%	4.3%	5.3%	na	13.8%	13.6%	12.3%	na
PMC	**9.8%**	**7.6%**	**2.4%**	**5.7%**	**7.7%**	**11.1%**	**11.0%**	**10.7%**
WGB	13.2%	5.4%	4.7%	na	10.0%	10.8%	11.0%	na
WQG	21.2%	4.1%	6.9%	na	16.0%	15.4%	14.7%	na
ADEF	21.7%	na	na	na	14.8%	na	na	na
AGX1	19.8%	12.7%	na	na	20.6%	19.1%	na	na
GLOB	17.7%	na	na	na	12.4%	na	na	na
HYGG	36.6%	10.4%	13.5%	na	29.1%	24.8%	21.3%	na
IISV	na	na	na	na	na	na	na	na
LSGE	25.7%	na	na	na	18.3%	na	na	na
MAET	8.6%	na	na	na	9.8%	na	na	na
MCGG	21.9%	na	na	na	15.3%	na	na	na
MGOC	20.8%	na	na	na	16.7%	na	na	na
MHHT	23.0%	na	na	na	16.7%	na	na	na
MOGL	22.6%	3.9%	2.9%	na	25.2%	19.6%	18.9%	na
PIXX	14.2%	10.9%	5.8%	na	8.4%	11.4%	11.0%	na
TLRA	16.0%	na	na	na	6.5%	na	na	na
S3GO	na	na	na	na	na	na	na	na
WCMQ	29.3%	8.7%	na	na	17.0%	16.9%	na	na
XALG	na	na	na	na	na	na	na	na

LIC/LIT Premium/Discounts

One of the features of the closed-ended funds (LICs/LITs) is that the trading price of these vehicles can dislocate from the portfolio value. Unlike ETMFs, the closed-ended funds have a fixed pool of capital and fixed number of shares/units on issue. As such the market price reflects the demand and supply for the LIC or LIT. The below chart shows the premium/discount at which the LICs/LITs in the peer group have traded compared to the NTA (after tax on realised gains and before tax on unrealised gains)/NAV over the three years to 30 June 2023. All LICs/LITs in the peer group were trading at a substantial discount at 30 June 2023 with the discounts of the whole group widening since early 2021. While the group are all trading at discounts, the reason for the discounts vary from broader market based to dynamics associated with individual vehicles and managers. As we highlighted earlier in report, PMC has historically traded at a discount during periods of relative underperformance, which we view as one of the key drivers of the current discount.

LIC/LIT Premium/Discount to Pre-tax NTA*

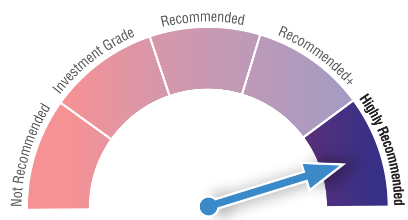
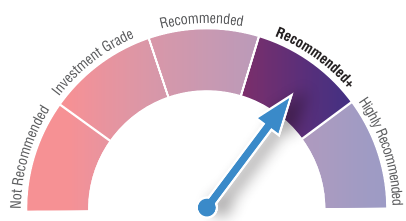
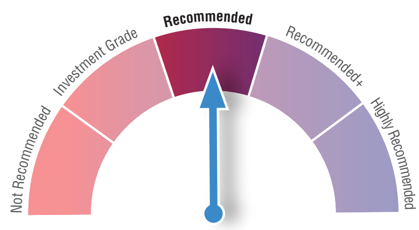
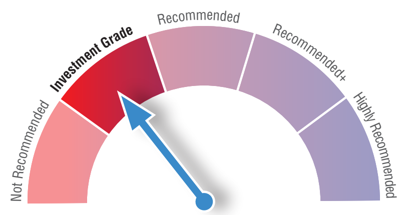
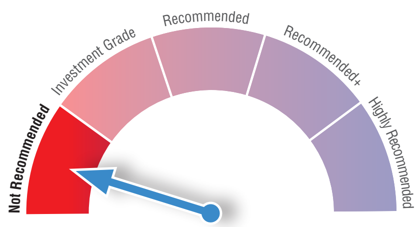


*NTA after tax on realised gains but before tax on unrealised gains.

APPENDIX A – RATINGS PROCESS

Independent Investment Research Pty Ltd "IIR" rating system

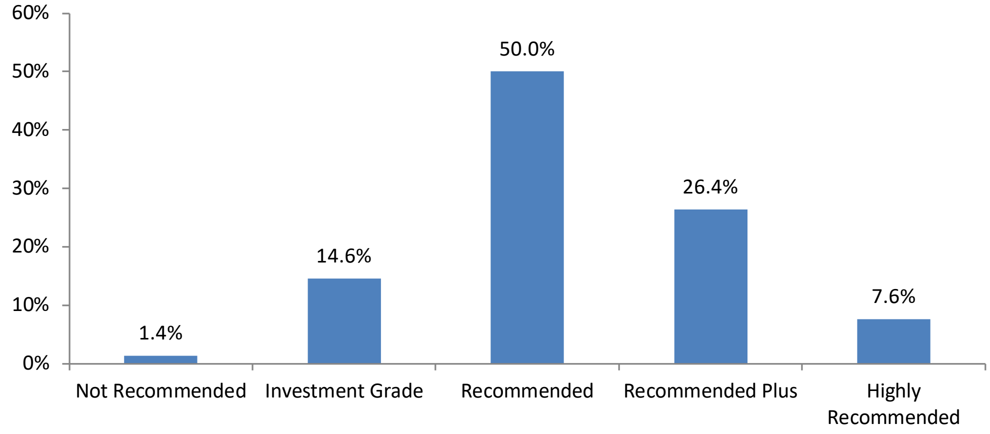
IIR has developed a framework for rating investment product offerings in Australia. Our review process gives consideration to a broad number of qualitative and quantitative factors. Essentially, the evaluation process includes the following key factors: management and underlying portfolio construction; investment management, product structure, risk management, experience and performance; fees, risks and likely outcomes.

LMI Ratings	SCORE
Highly Recommended	83 and above
	This is the highest rating provided by IIR, indicating this is a best of breed product that has exceeded the requirements of our review process across a number of key evaluation parameters and achieved exceptionally high scores in a number of categories. The product provides a highly attractive risk/return trade-off. The Fund is likely effectively to apply industry best practice to manage endogenous risk factors, and, to the extent that it can, exogenous risk factors.
Recommended +	79–83
	This rating indicates that IIR believes this is a superior grade product that has exceeded the requirements of our review process across a number of key evaluation parameters and achieved high scores in a number of categories. In addition, the product rates highly on one or two attributes in our key criteria. It has an above-average risk/return trade-off and should be able consistently to generate above average risk-adjusted returns in line with stated investment objectives. The Fund should be in a position effectively to manage endogenous risk factors, and, to the extent that it can, exogenous risk factors. This should result in returns that reflect the expected level of risk.
Recommended	70–79
	This rating indicates that IIR believes this is an above-average grade product that has exceeded the minimum requirements of our review process across a number of key evaluation parameters. It has an above-average risk/return trade-off and should be able to consistently generate above-average risk adjusted returns in line with stated investment objectives.
Investment Grade	60-70
	This rating indicates that IIR believes this is an average grade product that has exceeded the minimum requirements of our review process across a number of key evaluation parameters. It has an average risk/return trade-off and should be able to consistently generate average risk adjusted returns in line with stated investment objectives.
Not Recommended	<60
	This rating indicates that IIR believes that despite the product's merits and attributes, it has failed to meet the minimum aggregate requirements of our review process across a number of key evaluation parameters. While this is a product below the minimum rating to be considered Investment Grade, this does not mean the product is without merit. Funds in this category are considered to be susceptible to high risks that are not reflected by the projected return. Performance volatility, particularly on the down-side, is likely.

APPENDIX B – MANAGED INVESTMENTS COVERAGE

The below graphic details the spread of ratings for managed investments rated by Independent Investment Research (IIR). The managed investments represented below include listed and unlisted managed funds, fund of funds, exchange traded funds and model portfolios.

SPREAD OF MANAGED INVESTMENT RATINGS



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For further information, please contact IIR at: client.services@ independentresearch.com.au

Independent Investment Research (Aust.) Pty Limited

SYDNEY OFFICE
Level 1, 350 George Street
Sydney NSW 2000
Phone: +61 2 8001 6693
Main Fax: +61 2 8072 2170
ABN 11 152 172 079

MELBOURNE OFFICE
Level 7, 20–22 Albert Road
South Melbourne VIC 3205
Phone: +61 3 8678 1766
Main Fax: +61 3 8678 1826

HONG KONG OFFICE
1303 COFCO Tower
262 Gloucester Road
Causeway Bay, Hong Kong

DENVER OFFICE
200 Quebec Street
300-111, Denver Colorado USA
Phone: +1 161 412 444 724

MAILING ADDRESS
PO Box H297 Australia Square
NSW 1215