



Quarterly Investment Manager's Report

Platinum World Portfolios - International Fund

Platinum World Portfolios - Asia Fund

Platinum World Portfolios - Japan Fund

31 March 2022

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by Andrew Clifford, Co-Chief Investment Officer

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Performance

to 31 March 2022

SUB-FUND	PORTFOLIO VALUE (US\$ MIL)	QUARTER	1 YEAR	2 YEARS COMPOUND PA	3 YEARS COMPOUND PA	5 YEARS COMPOUND PA	SINCE INCEPTION COMPOUND PA	INCEPTION DATE
Platinum World Portfolios - International Fund								
Class A (USD)	31.3	-4.9%	-6.4%	20.9%	6.5%	6.3%	7.4%	27 Apr 2016
Class B (USD)	4.0	-5.0%	-7.0%	20.1%	5.8%	5.7%	7.0%	2 Dec 2016
Class D (USD)	14.3	-5.0%	-7.0%	20.1%	5.8%	5.7%	5.8%	16 Nov 2015
Class F (EUR)	0.4	-2.2%	-1.4%	19.9%	6.3%	-	5.0%	4 Apr 2017
Class G (GBP)	14.0	-2.0%	-1.7%	17.5%	6.2%	5.4%	9.3%	27 Apr 2016
MSCI All Country World Net Index (USD) ⁽¹⁾		-5.4%	7.3%	28.8%	13.8%	11.6%	11.4%	16 Nov 2015
MSCI All Country World Net Index (USD) (EUR) ^(2,3)		-3.3%	13.3%	27.9%	14.1%	-	10.7%	4 Apr 2017
MSCI All Country World Net Index (USD) (GBP) ^(2,4)		-2.6%	12.4%	25.0%	13.4%	10.5%	13.8%	27 Apr 2016
Platinum World Portfolios - Asia Fund								
Class A (USD)	15.2	-8.2%	-17.1%	16.5%	8.2%	8.4%	9.1%	10 Mar 2017
Class B (USD)	4.5	-8.3%	-17.7%	-	-	-	-18.2%	27 Jan 2021
Class D (USD)	11.8	-8.3%	-17.7%	16.2%	7.9%	8.2%	8.7%	16 Nov 2015
Class F (EUR)	0.2	-5.6%	-12.8%	16.0%	-	-	10.5%	3 Feb 2020
Class G (GBP)	1.7	-5.4%	-13.1%	13.3%	7.6%	-	9.2%	19 Feb 2019
Class I (USD)	146.9	-8.1%	-16.9%	16.8%	8.4%	8.7%	9.9%	19 Jan 2017
MSCI AC Asia ex Japan Net Index (USD) ⁽¹⁾		-8.0%	-14.6%	15.9%	5.1%	6.7%	8.3%	16 Nov 2015
MSCI AC Asia ex Japan Net Index (USD) (EUR) ⁽²⁾		-6.0%	-9.8%	15.1%	-	-	6.5%	3 Feb 2020
MSCI AC Asia ex Japan Net Index (USD) (GBP) ^(2,4)		-5.4%	-10.6%	12.5%	4.8%	-	5.8%	19 Feb 2019
Platinum World Portfolios - Japan Fund								
Class A (USD)	13.2	-3.5%	-2.5%	16.1%	7.4%	5.6%	7.5%	11 Jan 2016
Class D (USD)	22.4	-3.6%	-3.1%	15.4%	6.7%	5.2%	6.9%	16 Nov 2015
Class F (EUR)	0.1	-0.8%	2.7%	15.2%	7.2%	-	3.4%	18 Oct 2017
MSCI Japan Net Index (USD) ⁽¹⁾		-6.6%	-6.5%	14.3%	6.8%	6.1%	6.0%	16 Nov 2015
MSCI Japan Net Index (USD) (EUR) ^(2,3)		-4.5%	-1.2%	13.5%	7.2%	-	5.4%	18 Oct 2017

(1) For the purpose of calculating the "since inception" returns of the Index in USD, the inception date of Class D of the Fund is used, since Class D was the first USD-denominated share class activated.

(2) The MSCI Index returns in USD have been converted into the specified currency (EUR or GBP, as the case may be) using the prevailing spot rate.

(3) For the purpose of calculating the "since inception" returns of the Index in EUR, the inception date of Class F of the Fund is used, since Class F was the first EUR-denominated share class activated.

(4) For the purpose of calculating the "since inception" returns of the Index in GBP, the inception date of Class G of the Fund is used, since Class G was the first GBP-denominated share class activated.

Fund returns are net of accrued fees and expenses, are pre-tax, and assume the accumulation of net income and capital gains. Where a particular share class is not denominated in USD, the net asset value per share in USD, being the Fund's base currency, is converted into the denomination currency of that share class using the prevailing spot rate.

Historical performance is not a reliable indicator of future performance. Returns could be reduced, or losses incurred due to currency fluctuations

See note 1, page 20.

Source: Platinum Investment Management Limited for Fund returns; FactSet Research Systems for MSCI Index returns.

Macro Overview: Navigating Through Complex Times

by Andrew Clifford, Co-Chief Investment Officer

In late March, CEO and co-CIO Andrew Clifford sat down with Investment Specialist Julian McCormack to discuss the quarter's dramatic world events and what they mean for inflation, interest rates and markets. An edited transcript of the conversation is below.*

JM: Andrew, after starting the new year on a strong note, financials, industrials and materials, essentially cyclical stocks, reset lower in February on fears around the Russia-Ukraine conflict, what are your thoughts on a 3-5-year view?

AC: I think it's worth returning to where we were before the invasion of Ukraine and COVID really took hold in China. We were in a situation where we were clearly coming out of the pandemic, countries were reopening, there had been a huge amount of fiscal stimulus across the world and economies were looking in great shape. We also had an extraordinary rise in inflation to levels we haven't seen in 40 years, and with that, there was the realisation that interest rates were going to rise, and by a quite a lot. That environment was going to be very positive for financials, industrials, materials, travel stocks, and the like. Indeed, towards the end of last year and the first few weeks of the new year, they were doing very well. On the flipside, it was also an environment that was going to be very challenging for the stocks that had driven markets for the last three years, particularly the last two, the growth stocks or 'quality compounders' as they are often referred to. Indeed, some of the big favourite names like Facebook or Meta Platforms as it's now called, Netflix and other excitable growth names experienced some significant setbacks. These are the types of stocks that trade on 20, 30, 50 times sales and have serious valuation implications in a higher interest rate environment. I would add that when it comes to bull markets, there are two things that happen: there's a great story; and the story gets better in people's

minds as the prices reinforce it. The story is correct, but when rates suddenly start rising and stock prices stumble, people start looking more closely. A stock such as Facebook, for example, has gone from being an unsurpassed media giant for digital advertising, to a company really struggling in terms of competition and changes in its environment. Netflix, likewise, has been through similar challenges. So, as people start paying more attention to these stocks, we start to get a very different stock market environment.

JM: Interestingly, people have returned to those kinds of exposures, the quality compounders, in recent weeks, driving astounding performance in stocks like Tesla, Microsoft and Apple. What do you make of that?

AC: To me, it seems to be a reflex action for investors that's been driven into them over recent years. We have talked a lot over the past five years about how people were 'forced' into equities. They didn't really want to leave the safety of their bank deposits but had no other option in order to get returns. They wanted to invest in something they felt comfortable with, that was 'safe'. And that's certainly what the quality compounders and the Microsofts of the world appear to offer. We have gone from a period where investors were probably gaining confidence, there was an economic recovery underway and yes, interest rates were going to rise, but it wasn't the end of the world, to now facing a war on the Continent. There are also questions about China's role in the Russia-Ukraine conflict and the implications of that, as well as concerns about the strength of the Chinese economy,

*The full interview is available in audio format on The Journal page of our website <https://www.platinumworldportfolios.ie/Insights/The-Journal>

which continues to struggle. The huge increase in uncertainty sees the "let's go back to safety" playbook come out yet again. While it doesn't surprise me, what I do find extraordinary this time, is that people actually want to return to these stocks, despite rates now rising. We always tend to focus on the US, but central banks across the world have been raising rates for a while. In the US, I follow the 2-year Treasury yield as an indicator of future rates and it's up around 150 basis points just this year (see Fig. 1). Investors wanting to go back to assets where the value won't be realised for many years out, so there's a discount effect,¹ is pretty bold in my view, especially when the US Federal Reserve (Fed) has reiterated they will be increasing rates. It's worth noting that following the invasion of Ukraine, European lead indicators, such as consumer confidence and business confidence, now look dismal and the economy is most likely going to have a very strong, short disruption at the least. China too is facing a difficult period because of COVID. In contrast, the US economy, for the moment, doesn't look to be skipping a beat, and in fact, taken in isolation, the worry there is that rates may go up much further than many expect.

JM: It's interesting in that context, maybe you could reflect on the process of going from extreme bullishness to bearishness, using past market cycles in terms of timing?

AC: It's always interesting to reflect on some of the timeframes involved. If you go back to 2008 for instance, and from recollection, it was around February when the Bear Stearns issue arose, there had been problems in the mortgage market leading up to that, but yet it wasn't until August that things really came to a head. In more ancient history, I was recently reviewing the end of the Japanese bull market in December 1989. Japanese government bond yields had risen sharply that year, from around 5% to 8%,² so it took a while for the market to crack, but then it certainly did happen. The lesson here is, it can just take time. I think it's worth talking about the other side of the equation too, the stocks that are out of favour, where valuations are back to crisis levels. While we don't know what the next three or six months will look like for companies such as BMW or Eastern European bank Erste Bank, two very high-quality businesses in our view, they are trading at levels last seen in the depths of the COVID sell-off or the 2009 sell-off in terms of their valuations and the strength of their underlying businesses.

¹ Growth companies tend to rely on earnings in the more distant future. When valuing a company, future earnings are discounted back to a present value using a required rate of return, which is related to bond yields. As bond yields rise, the discounting process leads to a lower value in today's dollars, for the same level of future earnings.

² Source: FactSet Research Systems.

Fig. 1: US 2-Year Treasury Yields



Source: Bloomberg as at 31 March 2022.

JM: I am reminded of the common refrain that as everything goes down all at once anyway, we might as well hold the current winners. Does it matter what you own?

AC: Well, if you look at history, there's one great exception to that, which was the end of the tech boom in 2000 and 2001. As tech stocks sold off, all of the out-of-favour companies back then, the 'old world' companies like spirits businesses and consumer staples that were trading on discounted valuations of around 11 or 12 times earnings, were actually rising. The sell-off in 2008/09 was indeed a case of everything going down at the same time. However, the better-valued stocks tend to not go down quite as much and recover much earlier.

Reflecting on last year, certainly there was some good buying to be done in a Microsoft or Facebook in March, however, there were much better buying opportunities in copper stocks, like Freeport-McMoRan or First Quantum Minerals, which were up 50% and 80% respectively over the year to the end of March 2022.³ At the end of the day, you have to get through the cycle to see how it all unfolds, but when we're buying a stock like BMW at 60% of its book value and there's a shortage of cars that will take two or three years to resolve, I think that's great long-term investing in the very traditional sense and not punting stock prices.

³ Source: FactSet Research Systems.

JM: Changing tack slightly, the other great area of focus for investors is China. We've seen an extraordinary response in perhaps some of the more speculative areas of the Chinese market following comments from Chinese Vice-Premier Liu He. Do you have any comments on that?

AC: Firstly, I would like to make an overall comment here, because there are a lot of fears about China, particularly its relationship with Russia. Clearly, China wants to play a very independent role, rather than a more neutral role. We need to remember that the US sanctions against Huawei effectively destroyed one of the greatest private companies of the world, so China naturally has genuine reasons to be fearful of the West and their role here. However, China's success is a product of being part of the global system. Their wealth and livelihood are a function of being part of that system, so to my mind, the likelihood that they will endanger that, is very low. I think that the worst fears are extreme here.

Now, clearly, the reforms of last year have hurt their economy, which they are well aware of, and COVID is now another blow for them. They need to get the economy going again, which explains why Vice-Premier Liu He, in a speech in mid-March, vowed to support economic growth and the capital markets, with notable mentions of the real estate and technology sectors, which have been impacted by regulatory crackdowns. There were also stimulatory measures announced, including tax cuts worth a percent or two of GDP.

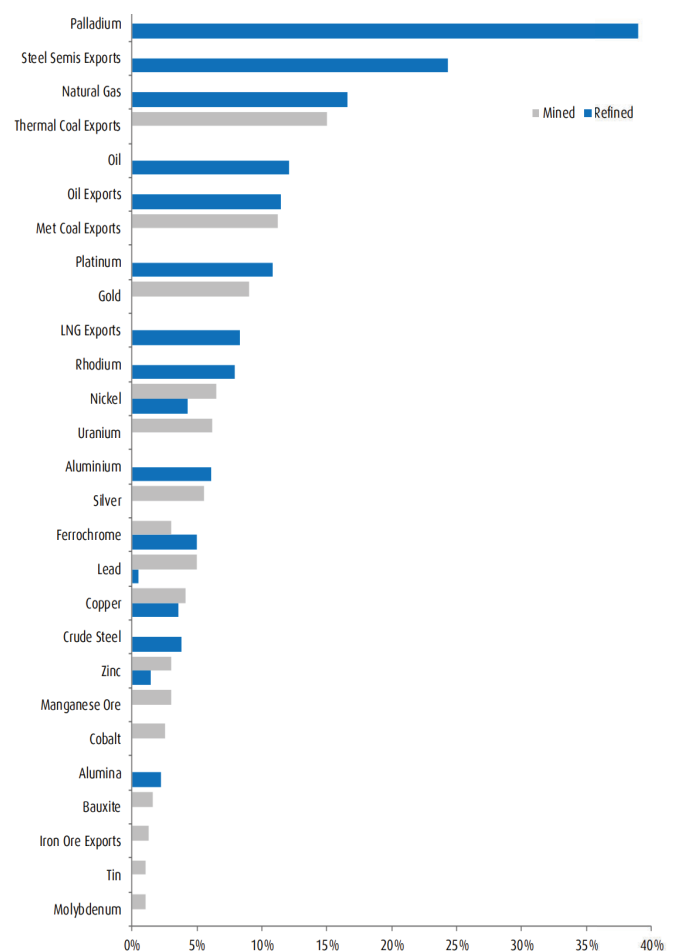
There are also a lot of concerns around Chinese American depository receipts (ADRs), with the US regulator, the Securities and Exchange Commission, looking at potentially delisting some Chinese companies from US stock exchanges. However, that is a sideshow really, because companies are just relisting in Hong Kong. Interestingly though, China has changed their position and is taking a highly conciliatory stance, trying to appease the US.

Back to your question regarding the market reaction, Chinese stocks were very cheap to start with, they were in a big bear market already, and then we had that extraordinary sell-off that only lasted for a couple of days. A bounce on the back of the positive statements was to be expected, but I think there is still some pretty interesting value in that market today.

JM: Apart from the human suffering from events in Ukraine, there are other real-world economic implications globally, can you touch on some of those?

AC: One major repercussion from the Russia-Ukraine conflict is obviously energy prices - not just oil, but also gas and thermal coal. These markets were already incredibly tight and while it's impossible to predict how the war will unfold from here, short of a regime change, Russia will most likely remain a pariah state. On that basis, it's reasonable to expect

Fig. 2: Percentage of Global Supply Sourced from Russia



Source: USGS, BMO Capital Markets.

elevated energy prices to continue. Another area that has been impacted is food prices and associated input costs, like fertilisers. Ukraine and Russia are huge suppliers of grains, notably wheat, but also fertilisers (potash). Our discussions with people in those markets indicate this is a very significant disruption, particularly in fertilisers, which is not going to be easily resolved. There are obviously humanitarian consequences of higher food prices in very poor countries. In terms of market implications, energy and food are the biggest components of household budgets, particularly for low-income earners in the West. This has a real impact on not just the average consumer but also businesses selling to those consumers. There are lots of swings and roundabouts, you can't ever assume that just because you are selling to lower-income households that you lose out, you might be able to increase prices, consumers may still buy your product, but then save elsewhere. However, there are going to be implications and it creates a very complex environment for investors.

JM: Obviously, it's different this time, but how would you compare and contrast that setup to how you were seeing the markets in 1999 and 2000?

AC: There's much greater complexity in the economic environment this time. Like the current situation, certainly in 1999/2000 we had interest rates going up and there were extraordinary valuations in some sectors, while a part of the market that had been left behind looked very attractive. But let's remember that in 2000, it was all about Y2K, which caused people to misread the situation. There was considerable demand for IT, which turned out to be driven by this artificial deadline for everyone to revamp their systems. This time, to some extent, I think we have the same possibility, with huge demand for physical goods. We have the potential now that everyone is misreading demand for say, homewares or other goods that have been in great demand. In the IT area, the amount of money available for

start-ups is extraordinary. You can see on the front page of the financial papers every day about someone raising another US\$100 million on a billion-dollar valuation - and they've barely even got started and that US\$100 million goes into a lot of IT services. For some of those much-loved software companies, sales aren't actually on trend, they're way above trend. In our view, it's very likely that we're going to have ongoing disappointments over the next year or so, particularly in those companies that are trading at incredibly stretched valuations.

With interest rates likely to move higher, I think the long duration stocks, the quality compounders, are going to be, at best, very low-returning investments. We feel there's just far better value in a whole range of other stocks that we've already touched on - the industrials, materials and banks and so on.

MSCI Regional Index Net Returns to 31.3.2022 (USD)

REGION	QUARTER	1 YEAR
All Country World	-5.4%	7.3%
Developed Markets	-5.2%	10.1%
Emerging Markets	-7.0%	-11.4%
United States	-5.3%	13.6%
Europe	-9.6%	1.1%
Germany	-12.9%	-12.0%
France	-8.7%	4.5%
United Kingdom	1.8%	13.6%
Italy	-10.0%	-2.7%
Spain	-4.1%	-3.7%
Japan	-6.6%	-6.5%
Asia ex-Japan	-8.0%	-14.6%
China	-14.2%	-32.5%
Hong Kong	-1.8%	-12.0%
Korea	-9.6%	-18.5%
India	-1.9%	17.9%
Australia	7.3%	13.5%
Brazil	35.9%	24.7%

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.

MSCI All Country World Sector Index Net Returns to 31.3.2022 (USD)

SECTOR	QUARTER	1 YEAR
Energy	21.2%	40.0%
Materials	2.8%	10.9%
Utilities	1.2%	10.7%
Financials	-0.4%	11.1%
Health Care	-3.8%	12.6%
Consumer Staples	-4.0%	7.5%
Real Estate	-5.5%	9.5%
Industrials	-6.0%	1.5%
Information Technology	-10.3%	12.3%
Communication Services	-10.6%	-7.4%
Consumer Discretionary	-11.3%	-5.5%

Source: FactSet Research Systems.

Total returns over time period, with net official dividends in USD.

Historical performance is not a reliable indicator of future performance.

Platinum World Portfolios - International Fund



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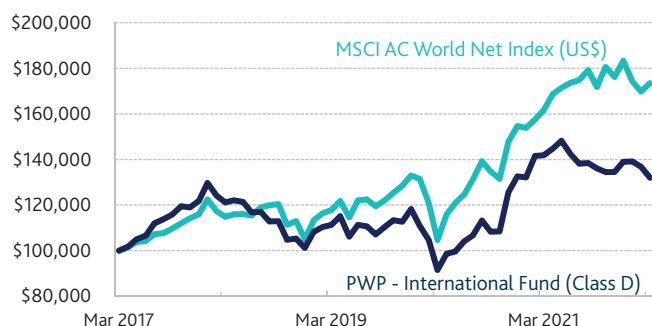
Performance

(compound p.a.⁺, to 31 March 2022)

SHARE CLASS	QUARTER	1 YR	3 YRS P.A.	5 YRS P.A.	SINCE INCEPTION P.A.
PWP Int'l Fund Class A USD	-5%	-6%	7%	6%	7%
PWP Int'l Fund Class B USD	-5%	-7%	6%	6%	7%
PWP Int'l Fund Class D USD	-5%	-7%	6%	6%	6%
PWP Int'l Fund Class F EUR	-2%	-1%	6%	-	5%
PWP Int'l Fund Class G GBP	-2%	-2%	6%	5%	9%
MSCI AC World Index (USD) [^]	-5%	7%	14%	12%	11%

⁺ Excluding quarterly returns. Fund returns are net of accrued fees and costs. Class D inception date (16 Nov 2015) is used for Index "since inception" returns. [^] Index returns are those of the MSCI All Country World Net Index in USD. Source: Platinum Investment Management Limited, FactSet Research Systems. **Historical performance is not a reliable indicator of future performance. Returns could be reduced, or losses incurred due to currency fluctuations.** See notes 1 & 2, page 20.

Value of US\$100,000 Invested Over Five Years 31 March 2017 to 31 March 2022



After fees and costs. See notes 1 & 3, page 20. **Historical performance is not a reliable indicator of future performance. Returns could be reduced, or losses incurred due to currency fluctuations.**

Source: Platinum Investment Management Limited, FactSet Research Systems.

The Fund (Class D) returned -5.0% for the quarter, marginally ahead of the market's -5.4% return.¹

The performance within the Fund and markets differed dramatically over the course of the quarter.

In the period prior to Russia's invasion of Ukraine, the Fund returned 1.1% while the market fell -9.0%. This period was marked by rising interest rate expectations as the global economy continued its post-pandemic recovery. During these initial weeks of the quarter, expensive growth stocks performed poorly with the Fund benefiting from short positions in these types of companies.

Post the invasion, stocks that were poised to benefit from the economic recovery, such as cyclical, travel stocks and European banks, experienced significant price falls, as did Chinese companies, reflecting concerns about geopolitical risk and the struggling Chinese economy as it faced a new wave of COVID-19 infections. Investors once again favoured the growth names, with the growth-heavy US Nasdaq 100 Index finishing up 10% over this period. During the final weeks of the quarter, the Fund ceded its strong relative performance of the earlier period to finish slightly ahead of the market.

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

Strong performers for the Fund over the quarter were our investments in commodity producers. Of note was **Glencore** (+33%), which benefited from broadly higher commodity prices for its mining activities and the dislocation in commodity markets, providing opportunities for its trading arm. US fertiliser company **Mosaic** (+69%) benefited from higher potash and phosphate prices due to concerns regarding Russian/Belarus supplies of these important fertiliser products. The Fund did not have any investments in Russian stocks.

The largest detractor from performance was **Raiffeisen Bank International** (-50%), an Austrian bank which has major banking positions across Central and Eastern Europe (CEE). Other major detractors from performance were our Chinese holdings, notably **Weichai Power** (-19%), **Tencent** (-16%) and **ZTO Express** (-11%), where the market experienced a broad and indiscriminate sell-off as a result of concerns around China's partnership with Russia. Concerns that the US regulator, the Securities and Exchange Commission, would move to delist Chinese stocks from US stock exchanges exacerbated the market's weakness. Japanese industrial stocks **MinebeaMitsumi** (-17%) and **Lixil** (-25%) also detracted, reflecting supply chain and input cost issues following the strong rises in commodity prices.

Contributions from short positions, which are concentrated in the expensive growth stocks, also followed the rotation within the markets, adding significantly to the Fund's performance in the early weeks of the quarter, and then detracting as the markets rebounded during March. Overall, our short positions contributed 0.9% to performance over the quarter.

Changes to the Portfolio

The Fund's net invested position was reduced over the course of the quarter from 70% to 64%. The decrease in the net invested position reflects an increase in short positions from 22% to 28%. The shorts consist of market indices (14%), individual stocks (12%) predominantly in very highly valued growth names, and baskets of expensive growth stocks in the clean energy sector (2%). The cautious positioning reflects our concerns about interest rates and inflation, and the deteriorating geopolitical environment.

New holdings for the Fund included energy producers **Shell** and **Suncor Energy** (Canadian oil producer and refiner). As outlined below, energy markets were already tight prior to Russia's invasion of Ukraine, and it is now likely that the world will experience elevated energy prices for an extended period. While stock prices of energy companies have risen, broadly they are not reflecting this longer-term outlook.

In Europe, we bought a number of stocks that were impacted by concerns regarding European economic growth. These included a new holding in **Wizz Air**, a fast-growing low-cost carrier, that returned to valuations approaching those reached in the COVID-19 sell-off in March 2020. We also increased our holdings in European banks **Intesa Sanpaolo** (Italy), **Barclays** (UK) and **Erste Bank** (Eastern Europe).

A number of stocks that had performed well during the period were trimmed, including **Mosaic** (fertilisers) and **China Overseas Land & Investments** (Chinese residential property developer). **AIA** (Asian insurance) was exited.

Commentary

Russia's invasion of Ukraine and the implications for markets has been the focus of attention for investors in recent weeks. Not only is the world facing higher energy and food prices as a result of the conflict, there is the possibility of outright shortages of these commodities, potentially creating serious humanitarian as well as economic issues globally. There have

Disposition of Assets

REGION	31 MAR 2022	31 DEC 2021	31 MAR 2021
Asia	25%	28%	26%
Europe	24%	21%	18%
North America	21%	21%	25%
Japan	13%	14%	13%
Australia	8%	6%	5%
Other	3%	2%	1%
Cash	8%	8%	11%
Shorts	-28%	-22%	-21%

See note 4, page 20. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	31 MAR 2022	31 DEC 2021	31 MAR 2021
Industrials	18%	20%	21%
Materials	16%	14%	17%
Financials	13%	15%	14%
Information Technology	9%	15%	10%
Consumer Discretionary	7%	10%	8%
Health Care	5%	5%	3%
Energy	4%	1%	1%
Communication Services	3%	5%	2%
Real Estate	3%	3%	3%
Consumer Staples	1%	1%	-1%
Other	-16%	-18%	-11%
TOTAL NET EXPOSURE	64%	70%	68%

See note 5, page 20. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

also been concerns regarding China's role in the conflict and the potential for sanctions on China if they were seen to be aiding Moscow either militarily or in avoiding sanctions. Meanwhile, China is dealing with the re-emergence of COVID-19 at a time when the economy is facing its most severe slowdown since its reopening, as a result of the common prosperity reforms introduced during 2021. We will address each of these issues, but before doing so, it is important to understand the economic and market context in which these events are occurring.

Prior to the invasion of Ukraine, inflation and interest rates were the key issues. Inflation in much of the developed world was continuing to rise, reaching levels not seen since the early 1980s. While inflation had been rising throughout the second half of 2021, tight labour markets and commodity markets, ahead of a full reopening of economies post the COVID-19 pandemic, made it clear that it would not fade away as matter of course. The result was a clear change in expectations for the future course of interest rates, most notably in the US where 2-year Treasury yields rose from 0.73% to 2.29% over the quarter. It was not that long ago that increases in interest rates were not expected until 2024. The US economy continued to show strong momentum through the quarter and inflationary pressures have been exacerbated by the conflict. As a result, the Federal Open Market Committee (FOMC) affirmed at their March meeting that they expected numerous interest rate increases to occur over the course of 2022.

One now has to overlay this backdrop of inflation and rising interest rates with a number of additional complications. Russia is responsible for approximately 10% of the world's oil production, of which approximately 75% is exported, and provides Europe with 34% of its oil imports.² Russia is also responsible for supplying 40% of Europe's total gas consumption and around 18% of globally traded volumes of thermal coal.³ For the moment, Europe has not sanctioned purchases of Russian energy (though some private companies have stopped trading with Russia) and Russia has continued to supply oil and gas since the start of the conflict. However, this has occurred at a time when energy markets were already tight and prices were trending higher. In agricultural commodities, Russia and Ukraine provide significant volumes of globally traded wheat (29%), corn (19%) and sunflowers (33%).⁴ In fertiliser, Russia accounts for 20% of global potash supply and Belarus supplies a further 18%.⁵ Russia is also a significant supplier of other commodities such as steel, palladium, platinum, nickel, iron ore, copper and aluminium. Given that it is highly likely that Russia, short of a regime change, will remain a pariah state, it is also likely that energy and food prices will remain at elevated levels for a considerable period of time. The possibility of humanitarian crises in parts of the developing world is significant, and in the developed world, there will be pressure on household budgets, particularly for lower-income earners. And of course, headline inflation numbers are more likely to continue their upward trend.

2 Source: International Energy Agency (IEA).

3 Source: IEA.

4 Source: US Department of Agriculture, Morgan Stanley Research.

5 Source: ICIS, CRU consultants, Morgan Stanley Research.

Net Currency Exposures

CURRENCY	31 MAR 2022	31 DEC 2021	31 MAR 2021
United States Dollar (USD)	21%	26%	26%
Chinese Renminbi (CNY)	18%	19%	15%
Euro (EUR)	16%	16%	16%
Japanese Yen (JPY)	13%	11%	16%
Australian Dollar (AUD)	8%	7%	5%
UK Pound Sterling (GBP)	6%	6%	3%
South Korean Won (KRW)	4%	5%	6%
Canadian Dollar (CAD)	4%	3%	4%
Hong Kong Dollar (HKD)	3%	2%	5%
Indian Rupee (INR)	2%	2%	2%
Brazilian Real (BRL)	2%	1%	1%
Zambia Kwacha (ZMK)	1%	1%	1%
Swiss Franc (CHF)	1%	0%	0%

See note 6, page 20. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Glencore PLC	Australia	Materials	4.0%
Iris Energy Ltd	Australia	Info Technology	3.3%
Microchip Technology Inc	US	Info Technology	3.2%
Minebea Co Ltd	Japan	Industrials	3.1%
Samsung Electronics Co	South Korea	Info Technology	2.8%
ZTO Express Cayman Inc	China	Industrials	2.7%
Ping An Insurance Group	China	Financials	2.7%
China Overseas Land & Inv	China	Real Estate	2.5%
Tencent Holdings Ltd	China	Comm Services	2.3%
Mosaic Co	US	Materials	2.3%

As at 31 March 2022. See note 7, page 20.

Source: Platinum Investment Management Limited.

For further details of the Fund's invested positions, including country and industry breakdowns and currency exposures, updated monthly, please visit www.platinumworldportfolios.ie/The-Funds/PWP-International-Fund.

In the short term, the conflict has damaged consumer and business confidence, especially in Europe, and indicators are consistent with a sharp slowdown in European economic activity. In the medium term, there are reasons to expect Europe to recover as government spending increases in response to the current situation. We already know that Europe will increase defence spending substantially in the years ahead, and there will be significant investment in diversifying energy sources away from Russia, including the region's ongoing push into renewable energy. The full benefits of the reopening post the COVID-19 pandemic have also yet to be experienced. Unless some of the more extreme scenarios play out, such as Russia cutting off energy supplies or the use of nuclear weapons in Ukraine, it is likely that increases in government spending, together with a progression to a full reopening post COVID-19, will underwrite a robust recovery in the European economy.

The Chinese economy was struggling in the second half of 2021 as a result of the "common prosperity" reforms. As we have discussed in previous quarterly reports, the most important of these reforms, with respect to economic activity, has occurred in the residential property market, which saw a substantial decline in the sale of new apartments with a flow-on effect to construction activity. While policy measures have helped property sales stabilise, the country has now been impacted by the Omicron variant of COVID-19. Having avoided the worst of the pandemic, the arrival of Omicron is likely to effectively bring an end to the country's zero-COVID policy. Unfortunately, the relatively low efficacy of the Sinovac vaccine means that the country's health system will now face the same stress and overloading that the rest of the world has experienced over the last two years. The use of lockdowns to slow the spread of the virus will disrupt economic activity and supply chains. The government has indicated they will pursue measures to support the economy and that the pace of economic reform will slow in order to re-establish business confidence.

The other concern regarding China is its "partnership" with Russia, affirmed in the days leading up to the invasion of Ukraine. Concerns range from potential military support via the supply of weapons, to aiding Russia in avoiding sanctions, and the possibility that China could use this moment to invade Taiwan. China's progress over the last 40 years has been a result of being integrated into the global economic system. Undoubtedly, over time, China has sought to bend this system to their advantage, however, it is highly unlikely that the country would do anything to damage the system and their place in it. If anything, the events of recent weeks will have highlighted to political leaders globally the high level of interdependence of the economic systems of China and the West.

Outlook

The economic and geopolitical backdrop for markets is the most complex it's been for over 40 years. In such an environment, one might expect that investors would be demanding a significant increase in risk premiums, yet the world's major stock markets are only down 5-10% from their recent highs. The one exception to this, is China, which is down 30%. How this unfolds in the stock market is likely to vary greatly by sector and geography.

In recent weeks, the stocks that have been heavily impacted by the conflict in Ukraine are those that have been directly affected. These include a range of cyclical businesses from auto original equipment manufacturers (OEMs) and component providers, to industrial businesses, European banks and travel-related businesses. Chinese stocks have suffered a broad and indiscriminate sell-off as a result of geopolitical fears and the weak economic environment in that country. In many cases, stock prices have approached crisis-level valuations seen in previous sell-offs, such as the global financial crisis or March 2020 COVID-19 sell-off. Many of these companies represent excellent value and we would expect them to perform well in the medium term, as Europe and China recover and uncertainties dissipate.

The growth stocks that led the bull market of the last decade are, however, likely to follow a different path. Investors had a preview of this in the early weeks of the March quarter as expectations of interest rate increases continued to rise and the growth stocks experienced significant selling pressure. Investors have subsequently returned to these companies as a place to hide, though we would expect this to be relatively short-lived as interest rates maintain their march higher. In particular, our assessment is that the highly speculative growth stocks (i.e. those with extremely high valuations, often trading on valuations in excess of 20 times sales) still have considerable downside.

The Fund is positioned for this environment, with its investments (longs) predominantly comprising profitable businesses, though with some degree of cyclicity, trading at attractive valuations. The Fund also holds short positions in the popular and expensive growth companies. It remains our view that the portfolio should be able to produce good absolute returns over the next three to five years. However, as we said last quarter, 2022 is likely to be an interesting and volatile year for investors as we work our way through the end of a pandemic and exit the era of ever-lower interest rates. The conflict in Ukraine has strengthened the case, and in the short term, investors should expect ongoing volatility in markets.

Platinum Asia Fund

Performance

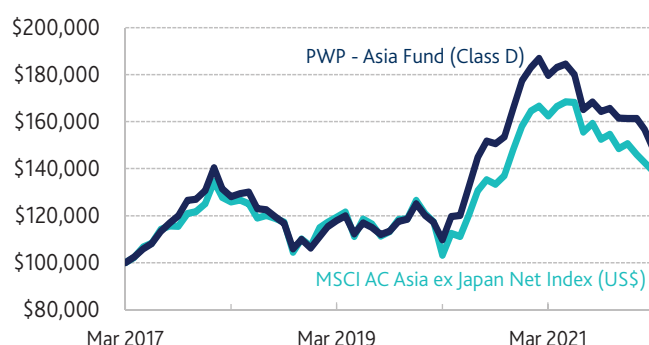
(compound p.a.⁺, to 31 March 2022)

SHARE CLASS	QUARTER	1 YR	3 YRS P.A.	5 YRS P.A.	SINCE INCEPTION P.A.
PWP Asia Fund Class A USD	-8%	-17%	8%	8%	9%
PWP Asia Fund Class B USD	-8%	-18%	-	-	-18%
PWP Asia Fund Class D USD	-8%	-18%	8%	8%	9%
PWP Asia Fund Class F EUR	-6%	-13%	-	-	11%
PWP Asia Fund Class G GBP	-5%	-13%	8%	-	9%
PWP Asia Fund Class I USD	-8%	-17%	8%	9%	10%
MSCI AC Asia ex Jp Index [^]	-8%	-15%	5%	7%	8%

⁺ Excluding quarterly returns. Fund returns are net of accrued fees and costs. Class D inception date (16 Nov 2015) is used for Index "since inception" returns. [^] Index returns are those of the MSCI All Country Asia ex Japan Net Index in USD. Source: Platinum Investment Management Limited, FactSet Research Systems. **Historical performance is not a reliable indicator of future performance. Returns could be reduced, or losses incurred due to currency fluctuations.** See notes 1 & 2, page 20.

Value of US\$100,000 Invested Over Five Years

31 March 2017 to 31 March 2022



After fees and costs. See notes 1 & 3, page 20. **Historical performance is not a reliable indicator of future performance. Returns could be reduced, or losses incurred due to currency fluctuations.**

See notes 1 & 2, page 20.

Source: Platinum Investment Management Limited, FactSet Research Systems.



Andrew Clifford
Portfolio Manager



Cameron Robertson
Portfolio Manager

The Fund (D Class) returned -8.3% for the quarter and -17.7% for the year.¹

The Chinese and Korean markets were particularly weak during the quarter, while Indian and South East Asian markets fared better. The sell-off in Korean shares happened alongside weakness in the Nasdaq and US growth sectors through January, as inflationary concerns rose and investors started to discount the potential impact of multiple interest rate rises. The weakness in Chinese assets was quite a separate event, particularly noticeable through the first half of March, following geopolitical questions arising out of Russia's invasion of Ukraine, and exacerbated by comments from the US Securities and Exchange Commission (SEC) relating to the ongoing delisting process of Chinese companies from US stock exchanges.

Turning to the portfolio, there was a positive contribution from **China Overseas Land & Investments** (+27%) and **China Resources Land** (+11%), two of our Chinese property developer holdings. These companies benefited from a targeted relaxation in government policies to help boost end demand, as well as loosened restrictions for better-capitalised developers. While the drama surrounding Evergrande and other more indebted developers has not completely passed, it appears there is a bifurcation whereby more conservative operators (such as those that we own) are

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

increasingly viewed through a more favourable lens by the market and by regulators.

Some of our holdings through South East Asia also did relatively well during the quarter. **Jardine Cycle & Carriage** (+22%) saw its shares rise as investors scrambled to find companies set to benefit from Indonesia's increasingly attractive macroeconomic backdrop. Meanwhile, the Vietnamese retail group, **Mobile World Investment Corp** (+7%), also saw its share price rise late in the quarter after providing a better-than-expected operational update.

On the negative side of the ledger, our Chinese holdings were key detractors from performance. **Tencent** (-16%), **JD.com** (-15%), **ZTO Express** (-11%), **Alibaba** (-6%) and **Kingsoft** (-27%) were amongst the weakest performers, all selling off sharply on the geopolitical issues and/or US regulatory issues mentioned above. While many managed to recover some of their losses late in the quarter on reassuring comments from Vice-Premier Liu He (see Commentary below), they still closed lower over the period.

There were also a handful of other disparate – primarily Chinese – holdings, which saw their share prices decline during the quarter. Fears in the market around the potential for a period of weaker end demand, or broad-based geopolitical concerns, tended to be the primary culprits for these share price moves. Whitegoods, air conditioning, and robotics company, **Midea Group** (-23%), sold off partially in response to concerns around end-market demand, as well as scepticism around some of their expansion and diversification plans. Truck engine manufacturer, **Weichai Power** (-19%), saw its share price marked down in response to a cyclically softening truck market, as well as signs their hydrogen fuel cell efforts may not yield the results more optimistic investors may have been hoping for.

Disposition of Assets

REGION	31 MAR 2022	31 DEC 2021	31 MAR 2021
China	43%	44%	42%
South Korea	10%	11%	11%
India	9%	10%	5%
Taiwan	7%	7%	6%
Vietnam	5%	5%	3%
Hong Kong	4%	7%	7%
Philippines	2%	2%	1%
Macao	1%	1%	1%
Singapore	1%	1%	2%
Thailand	0%	0%	2%
Cash	18%	13%	20%
Shorts	-6%	-1%	-8%

See note 4, page 20. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

While none of our small Chinese health and medicine-related holdings had a significant individual impact on the portfolio's overall performance, collectively, they were weak during the quarter and detracted from results. These companies' share prices declined due to a global sell-off in the biotech sector and related concerns around funding models for some of these players, as well as lingering concerns around the regulatory environment specific to companies operating in China. Examples of holdings in this bucket included **CStone Pharmaceuticals** (-39%) and **AK Medical** (-29%).

In terms of shorts, the results were mixed. Index shorts on the Hong Kong and Chinese A-share markets were initiated during the quarter to help protect the portfolio during the sell-off and modestly cushioned the portfolio. Our shorts in the optically more expensive Indian market were less productive, however, generating modest losses.

Changes to the Portfolio

With the market volatility during the quarter, we were a little more active in the portfolio than usual. As Chinese assets were sold down in March we rotated money out of some of the better-performing assets in that market, redeploying the capital into areas experiencing more indiscriminate selling, without increasing our overall capital committed to the country.

As a broad generalisation, the well-capitalised Chinese property developers and financial companies held up better than the broader market. This led us to reduce our positions in holdings like **AIA**, **China Resources Land**, **China Overseas Land & Investments** and **China Merchants Bank**, so that we could redeploy some of that money into more prospective opportunities. During the quarter, we also exited our position in sportswear and fashion house **Li Ning**, and reduced our

Net Sector Exposures

SECTOR	31 MAR 2022	31 DEC 2021	31 MAR 2021
Consumer Discretionary	16%	17%	16%
Information Technology	16%	16%	18%
Financials	13%	15%	13%
Industrials	11%	12%	12%
Real Estate	11%	10%	9%
Communication Services	3%	4%	2%
Consumer Staples	3%	2%	2%
Materials	3%	4%	4%
Health Care	1%	1%	1%
Energy	0%	0%	0%
Other	-1%	4%	-5%
TOTAL NET EXPOSURE	77%	86%	72%

See note 5, page 20. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

holdings in the industrial strain wave gear manufacturer **Leader Harmonious Drive**, on the basis that their valuations had reached levels that were no longer as attractive.

By contrast, areas of the Chinese market, particularly those which had previously been popular with international investors, such as e-commerce and internet companies, came under intense selling pressure, as mentioned earlier. To take advantage of this, we added to our holdings in companies like **JD.com**, **Tencent** and **Trip.com**. We also continued to add to our small holding in **Longping High-Tech Agriculture** that operates in the Chinese agricultural sector, as its share price pulled back to levels we were initially buying at last year, while the evidence pointing towards the potential for that company to make large market share gains in the coming years has kept coming.

We also continued to introduce new holdings to the Fund throughout the quarter. For example, we initiated a position in a family-run paints and waterproofing business, which has a dominant and growing position in their local market in South East Asia. This is a company with strong brands and unparalleled local distribution, exhibiting great profitability and with a long runway to expand, as they take share within a growing market. The company's shares were marked down prior to our purchase, as investors worried about a lack of visibility around the shorter-term demand environment, presenting us with the opportunity to establish an initial position at what we believe was an attractive price. We also acquired a small position in Chinese grocery delivery company **Dingdong**, whose shares had fallen precipitously in the months prior to our purchase, as the company went from market darling to pariah, despite emerging positive signs around the business' economics. And in the Philippines, we established a new holding in a company that operates in a

more prosaic industry, which caught our attention simply because of how cheap it appeared relative to our estimate of earnings and dividends over the next few years.

In India, we trimmed our holdings in vehicle manufacturer **Maruti Suzuki** when the share price ran up during the quarter, simply reflecting our view on the valuation. Having doubled our exposure to India from March to December last year, it is a market we continue to scour for opportunities, but valuations in recent months have made finding well-priced, interesting opportunities more challenging, and as such, we have found ourselves once again reluctantly reducing our exposure.

Commentary

The major market events discussed in recent quarterly reports are starting to feel a touch repetitive. While the details change, China has remained consistently controversial as an investment destination, and has seemingly managed to fall even more out of favour with investors as the months pass. Most recently, China's ambiguous stance with respect to Russia's invasion of Ukraine appears to be making developed countries increasingly uneasy, prompting reassessments around trade and investment relationships. This sentiment spilled over to negatively impact the stock market.

While there are experts better versed in the geopolitics driving these situations than us, our simple observation would be that China's North Star for the past three decades has been economic development and improvement in living standards for the populace. So much so, that these are sometimes viewed as the foundations upon which the government draws its legitimacy. If that remains their primary focus, as a country with deep international trade

Net Currency Exposures

CURRENCY	31 MAR 2022	31 DEC 2021	31 MAR 2021
Chinese Renminbi (CNY)	43%	44%	42%
Hong Kong Dollar (HKD)	18%	17%	16%
South Korean Won (KRW)	10%	11%	11%
New Taiwan Dollar (TWD)	7%	7%	6%
United States Dollar (USD)	6%	3%	13%
Indian Rupee (INR)	6%	10%	3%
Vietnamese Dong (VND)	5%	5%	3%
Philippine Peso (PHP)	2%	2%	1%
Macanese Pataca (MOP)	1%	1%	1%
Singapore Dollar (SGD)	1%	1%	2%
UK Pound Sterling (GBP)	1%	1%	1%
Thai Baht (THB)	0%	0%	2%

See note 6, page 20. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Taiwan Semiconductor	Taiwan	Info Technology	6.1%
Samsung Electronics Co	South Korea	Info Technology	5.2%
Vietnam Ent Investments	Vietnam	Other	4.0%
InterGlobe Aviation Ltd	India	Industrials	3.8%
Ping An Insurance Group	China	Financials	3.6%
Tencent Holdings Ltd	China	Comm Services	3.4%
China Resources Land Ltd	China	Real Estate	3.2%
ZTO Express Cayman Inc	China	Industrials	3.2%
SK Hynix Inc	South Korea	Info Technology	3.2%
Alibaba Group Holding	China	Cons Discretionary	2.8%

As at 31 March 2022. See note 7, page 20.

Source: Platinum Investment Management Limited.

For further details of the Fund's invested positions, including country and industry breakdowns and currency exposures, updated monthly, please visit www.platinumworldportfolios.ie/The-Funds/PWP-Asia-Fund.

relationships and a strong export sector, then we believe the market's concerns are likely to prove exaggerated and the current fairly substantial discount that we think is priced into the country's assets should somewhat reverse.

To be clear, we are not being apologists for China's ambiguity on Ukraine, but we would point to India's similarly underwhelming response to Russia's invasion – and the fact that rather than being a lightning rod for international censure, as what happened with China, in India's case this was instead greeted with a flurry of diplomatic missions to try and woo the country over. Meanwhile, the press barely mentions it. Certainly, I would not want to draw particularly strong parallels between the position of these two countries, but the stark difference in treatment and response I believe does highlight a degree of inconsistency, which is reflecting some level of temporary emotional predisposition that Westerners, in particular, currently have towards these two countries – and those emotional leanings can similarly be observed in market prices.

While many events take place across the region in any given quarter that impact markets, there are two others pertinent to China that are worth mentioning.

Firstly, in early March, the US Securities and Exchange Commission (SEC) started listing companies in breach of the 2020 Holding Foreign Companies Accountable Act (HFCAA). Essentially, this is just the latest step in the process of delisting Chinese firms from US exchanges, if the US regulator's demands around oversight of auditing of US-listed Chinese companies accounts are not met. This event had been well telegraphed and should not have come as a surprise to anyone. However, judging from the market's reaction, some investors clearly were caught unawares. The market's reaction was particularly negative in the subsequent days and led to a speech by China's Vice-Premier Liu He essentially saying that the Chinese government had taken note of the market's concerns and would work to operate in a manner that shows greater consideration and support for stock markets on a number of levels. This speech provided significant short-term reassurance to the market and sparked a short sharp rally, helping to reverse some of the losses. Also, it is perhaps important to clarify at this junction that a number of our US-listed Chinese company holdings are not materially affected by this, as they also have Hong Kong listings which can be used. However, we do have a small exposure (<5% of the Fund) to companies that could be more impacted. For those that could be more affected, generally they have been preparing back-up plans, and by and large, we do not expect our portfolio to be at any great risk from this issue.

The final point with respect to China worth mentioning is their ongoing commitment to zero-COVID policies, which with the Omicron variant is proving increasingly difficult and costly to maintain. Lockdowns are ongoing across multiple cities. We've been through this a number of times now, but it nevertheless still causes some degree of supply chain disruption, both locally and in international supply chains.

Turning to the other countries in the region, during the quarter, it was notable that **India's** current ruling party, the Bharatiya Janata Party (BJP), won the Uttar Pradesh state elections. Many commentators saw this as a strong signal that the party has regained its popularity after rolling back some agricultural reforms, and as such, are expecting they could secure a third federal term featuring a reacceleration of reforms and privatisations in the country.

South Korea also held their presidential elections during the quarter. It was a tight race, with a right-wing candidate winning the position. From a market perspective, he is expected to pass better minority protections for investors in Korean companies, which can be particularly important around takeovers, and these are widely expected to be positive for the majority of shareholders. In terms of broader policy, there is a general perception this candidate should be relatively business friendly, but realistically, one of the more notable features of the new president's approach is his aggressive brand of politics where he is expected to take a more confrontational stance towards North Korea and China, while pursuing closer relationships with the US and Japan.

Of course, many interesting things have been happening within the companies in our portfolio over the past three months as well. However, with the region's markets experiencing such large macro-driven moves, we felt it appropriate to discuss those in more detail this time. Hopefully, next quarter we can spend more time sharing details around some of our portfolio companies, as company and industry analysis continues to be where we spend the majority of our time and effort.

Outlook

While many Asian countries appear to be facing slightly more challenging short-term economic conditions, as inflation and supply chain disruptions bite, commensurately low valuations can be found, and the long-term opportunity for the region remains enticing. As such, we continue to believe the setup for longer-term investors remains attractive, and despite (or perhaps even because of) weaker markets in recent months, are increasingly enthusiastic about the return prospects for the portfolio.

Platinum Japan Fund



James Halse
Portfolio Manager

Performance

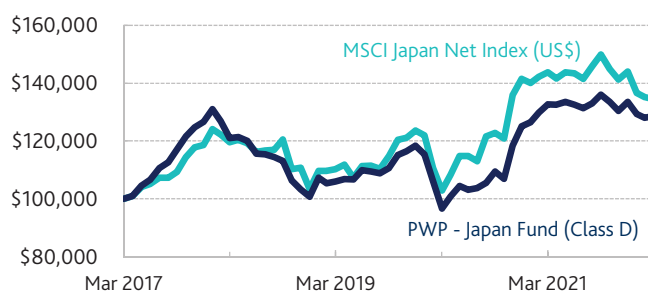
(compound p.a.[†], to 31 March 2022)

SHARE CLASS	QUARTER	1 YR	3 YRS P.A.	5 YRS P.A.	SINCE INCEPTION P.A.
PWP Japan Fund Class A USD	-3%	-2%	7%	6%	7%
PWP Japan Fund Class D USD	-4%	-3%	7%	5%	7%
PWP Japan Fund Class F EUR	-1%	3%	7%	-	3%
MSCI Japan Net Index (USD)	-7%	-6%	7%	6%	6%

[†]Excluding quarterly returns. Fund returns are net of accrued fees and costs. Class D inception date (16 Nov 2015) is used for Index "since inception" returns. [^] Index returns are those of the MSCI Japan Net Index in USD. Source: Platinum Investment Management Limited, FactSet Research Systems. **Historical performance is not a reliable indicator of future performance. Returns could be reduced, or losses incurred due to currency fluctuations.** See notes 1 & 2, page 20.

Value of US\$100,000 Invested Since Inception

31 March 2017 to 31 March 2022



After fees and costs. See notes 1 & 3, page 20. **Historical performance is not a reliable indicator of future performance. Returns could be reduced, or losses incurred due to currency fluctuations.**

See notes 1 & 2, page 20.

Source: Platinum Investment Management Limited, FactSet Research Systems.

Japanese equity markets continued their decline in the first quarter of 2022, falling -6.6% in US dollar (USD) terms. The pockets of strength in the market were positively exposed to either the upward move in global interest rates (banks, insurers) or commodity prices (trading companies, energy producers/explorers/services, materials). The combination of increasing interest rate differentials with the US and the implications for Japan's trade balance of higher prices for its commodity inputs caused the yen to weaken. From 115 to the USD at the start of the quarter, it touched 125 briefly, before settling back in the 121-122 region. The Fund benefited from the yen weakness as we had shifted our currency exposure into USD last quarter and at the beginning of this quarter, leaving us with around 25% of the Fund exposed to the yen at the time it resumed its downward march. Later during the quarter, we moved some of that exposure to the Australian dollar (AUD), as inflating resource prices implied more buoyant times for the AUD on a relative basis. Overall for the quarter, the Fund (Class D) returned -3.6% with a positive contribution of 3.2% as a result of currency positioning.¹

A weaker yen typically supports the Japanese economy and stock prices given its export orientation, however, the rising costs for Japanese companies implied by the current scenario have so far more than offset any gains from the weakening

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

currency. A number of our positions were hurt by the prospect of cost increases and broader supply chain issues, including household fixtures manufacturer **Lixil** (-25% over the quarter), miniature ball-bearings producer **MinebeaMitsumi** (-17%), and sensor provider **Nippon Ceramic** (-13%).

Semiconductor chip shortages continue to have wide-ranging impacts up and down the supply chain. Much like Minebea and Nicera's automotive customers have not been able to produce the vehicles demanded, **Ship Healthcare's** (-27%) medical equipment production and sourcing faced significant disruption, leading the company to downgrade its full-year profit outlook.

The increase in global interest rates led investors to view more highly valued stocks less favourably, leading to declines, which benefited several of our short positions. This helped cushion some of the market's decline, with our shorts contributing 0.3% to the Fund's return for the quarter.

Positive returns from marine shipper **Kawasaki Kisen Kaisha** (K-Line, +19% over the quarter to exit) and game console maker **Nintendo** (+15%) assisted performance. Continued strength in container shipping rates as a result of buoyant global demand benefited our holding in K-line. Nintendo rose as new games sold well and investors warmed to the idea of continued profitability driven by software sales, even as console sales fall. Likewise, we saw gains as elevator maker **Fujitec** (+25%) responded to one of its activist shareholders' criticisms of its medium-term plan by announcing a buyback of 4.5% of the company, cancellation of treasury shares, the allocation of 50% of future operating cash flow to buybacks, and a 2024 Return on Equity target of 12% compared with the current level of around 8%.

This is one in a long line of recent examples where strong activist shareholders have successfully pushed operational and capital reforms. Fujitec's poison pill (a takeover defence measure) expires in June, and it is likely an attractive takeover target amid a consolidating global industry. Excitement in this vein has grown as news spread that Toshiba was considering a sale of its elevator business, which has stimulated investor interest in merger and acquisition activity (M&A) in the sector. We continue to view corporate reform pushed by involved shareholders as a key source of prospective investment returns in Japan.

Changes to the Portfolio

With early signs of weakness appearing in freight markets, we took the opportunity to exit **Kawasaki Kisen Kaisha** after a strong run. From our initial purchase in August 2021 to our last sale at the beginning of March, the stock price doubled.

However, our returns were further enhanced as we sold more than half our position after the stock increased dramatically in the first two months of our investment, then topped up our holding after a significant pull-back at the beginning of October. Through our holding period the stock contributed 2.8% to the Fund's overall return.

We closed positions in conglomerates **Showa Denko** and **Kyocera**, as well as chip manufacturer **Renesas Electronics**, as further research revealed some gaps between management and broker analyst descriptions of the businesses and underlying realities of their product portfolios and the markets in which they operate. We also sold the owner of the Tokyo Stock Exchange building **Heiwa Real Estate**, as we became more concerned with the prospect for declining office rents in Tokyo in the face of increased flexible work policies and corporates' desire to cut costs.

Disposition of Assets

REGION	31 MAR 2022	31 DEC 2021	31 MAR 2021
Japan	69%	79%	89%
Asia	8%	8%	9%
Cash	23%	13%	2%
Shorts	-4%	-8%	0%

See note 4, page 20. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	31 MAR 2022	31 DEC 2021	31 MAR 2021
Industrials	20%	25%	20%
Information Technology	18%	19%	25%
Materials	13%	16%	6%
Consumer Discretionary	7%	7%	20%
Communication Services	6%	5%	8%
Consumer Staples	6%	4%	1%
Financials	2%	2%	4%
Health Care	2%	2%	13%
Energy	0%	0%	2%
Real Estate	0%	1%	0%
Other	0%	-2%	0%
TOTAL NET EXPOSURE	73%	79%	98%

See note 5, page 20. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Currency Exposures

CURRENCY	31 MAR 2022	31 DEC 2021	31 MAR 2021
Japanese Yen (JPY)	50%	62%	90%
Australian Dollar (AUD)	34%	0%	0%
United States Dollar (USD)	8%	30%	0%
South Korean Won (KRW)	8%	8%	9%

See note 6, page 20. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Our one new long position for the quarter was a relatively small position in systems integrator **Fuji Soft**. Japan is very under-resourced in terms of information technology staff, and until recently has been slow to adopt new technology, so the services of those companies that can provide these resources to clients are now very much in demand. Fuji Soft is one of the smaller players in this market, but also has one of the lowest valuations. We acquired this position after activist 3D Investment Partners (which owns 9.3% of the company) released a detailed presentation highlighting deficiencies in the company's growth strategy and capital allocation. While the candidates that 3D Investment Partners proposed as directors were not elected at the annual general meeting (AGM), despite the support of both major proxy advisors, Institutional Shareholder Services (ISS) and Glass Lewis, the stock continued to trend upward through to the end of the quarter, suggesting 3D Investment Partners' actions have awakened the market's interest.

We added to our position in Japanese brewer **Asahi** in February prior to the Russian invasion of Ukraine as the business began to benefit from reopening trends. We then added further (at similar levels) during the sell-off after the invasion, as investors sold the stock on fears around its Eastern Europe exposure and spikes in input costs such as aluminium and barley.

Asahi has expanded globally via aggressive M&A, and now has a strong and balanced portfolio of nicely profitable and growing premium beer brands across Europe and in Australia to complement its dominant Japanese business. It benefits from ongoing equalisation of alcohol taxes in Japan that are currently unfavourable to its portfolio mix, and will likely see a boost to its business when Japan returns to a post-pandemic normal. Despite these attributes, it remains the cheapest global brewer, coloured by the negative perception of a home market with declining volumes. We view this opportunity favourably.

Outlook

If no peaceful resolution to the situation in Ukraine is forthcoming, it appears likely that energy and commodity prices will stay higher for longer. In this scenario, coupled with the Japanese central bank's pledge to buy unlimited government bonds to cap 10-year yields at 0.25%, we are likely to see the yen remain weak and perhaps weaken further. While this aids exporters from the perspective of yen-denominated sales and labour costs, it will have ramifications for consumer spending and choices around where to allocate already stretched household budgets.

This could perhaps be the shock needed to break Japan out of its long-term deflation, and lift the taboo on companies raising prices to customers. We can already observe a range of companies lifting prices, from Kao's 10% hike in baby diapers and Bridgestone's 7% increase on passenger tyres, to Yamazaki Baking's 9% average hike across bread products. The latter is particularly interesting as it came prior to the Russian invasion of Ukraine and concomitant further spike in the wheat price. With Japan's producer price index showing percentage year-on-year increases in the high single digits, there may yet be more hikes to come from consumer-facing businesses and exporters.

The solution to the pain this causes to the average Japanese consumer seems to be to improve the productivity and capital efficiency of Japanese businesses. Businesses can then afford to pay their staff more, and thus offset the impact of price increases on living standards. A situation where Japan Inc. delivers solid nominal top-line and profit growth in an environment where the central bank continues to hold rates at extreme low levels could be very positive for stocks. That said, a more realistic scenario is one where certain well-positioned or more forward-thinking companies take the opportunity to raise prices and deliver moderate wage increases, while others flounder.

We will continue to be selective in our investments, preferring companies that are well placed to deal with cost inflation or positions where we and/or others may be effective in attempts to encourage management to behave in a commercial manner. The rising-cost environment may provide management teams with the cover they require to acquiesce to shareholder wishes without attracting the undue public criticism and consequent loss of face such action would usually entail.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Toyo Seikan Group	Japan	Materials	5.3%
Minebea Co Ltd	Japan	Industrials	5.2%
Toyota Motor Corp	Japan	Cons Discretionary	4.0%
Asahi Group Holdings	Japan	Consumer Staples	3.5%
SK Hynix Inc	South Korea	Info Technology	3.5%
Lixil Group Corp	Japan	Industrials	3.3%
Doosan Bobcat Inc	South Korea	Industrials	3.1%
Open House Co Ltd	Japan	Cons Discretionary	3.1%
Hokuetsu Corp	Japan	Materials	3.1%
Nintendo Co Ltd	Japan	Comm Services	3.1%

As at 31 March 2022. See note 7, page 20.

Source: Platinum Investment Management Limited.

For further details of the Fund's invested positions, including country and industry breakdowns and currency exposures, updated monthly, please visit www.platinumworldportfolios.ie/The-Funds/PWP-Japan-Fund.

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1. Fund returns are calculated by Platinum using the Fund's net asset value per share (i.e. excluding the anti-dilution levy) attributable to the specified share class. Where a share class is not denominated in USD, the net asset value per share in USD, being the Fund's base currency, is converted into the denomination currency of that share class using the prevailing spot rate. Fund returns are net of fees and expenses, pre-tax, and assume the accumulation of the net income and capital gains, each as attributable to the specified share class. The MSCI index returns are in USD, are inclusive of net official dividends, but do not reflect fees or expenses. MSCI index returns are sourced from FactSet Research Systems. Platinum does not invest by reference to the weightings of the specified MSCI index. As a result, the Fund's holdings may vary considerably to the make-up of the specified MSCI index. MSCI index returns are provided as a reference only. The investment returns shown are historical and no warranty is given for future performance. Historical performance is not a reliable indicator of future performance. Due to the volatility in the Fund's underlying assets and other risk factors associated with investing, investment returns can be negative, particularly in the short term.

2. The portfolio inception dates for each active share class of the relevant Fund are as follows:

• Platinum World Portfolios - International Fund:

Class A USD (Accumulating) (ISIN: IE00BYRGQX37): 27 April 2016
 Class D USD (Accumulating) (ISIN: IE00BYRGQZ50): 16 November 2015
 Class F EUR (Accumulating) (ISIN: IE00BYRGR183): 4 April 2017

Class B USD (Accumulating) (ISIN: IE00BYRGR076): 2 December 2016
 Class E EUR (Accumulating) (ISIN: IE00BYRGR415): 16 October 2020
 Class G GBP (Accumulating) (ISIN: IE00BYRGR290): 27 April 2016

• Platinum World Portfolios - Asia Fund:

Class A USD (Accumulating) (ISIN: IE00BYRGR522): 10 March 2017
 Class D USD (Accumulating) (ISIN: IE00BYGRD06): 16 November 2015
 Class F EUR (Accumulating) (ISIN: IE00BYRGR969): 3 February 2020
 Class I USD (Accumulating) (ISIN: IE00BYMJ5524): 19 January 2017

Class B USD (Accumulating) (ISIN: IE00BYRGR639): 27 January 2021
 Class E EUR (Accumulating) (ISIN: IE00BYRGR852): 16 October 2020
 Class G GBP (Accumulating) (ISIN: IE00BYGRB81): 19 February 2019

• Platinum World Portfolios - Japan Fund:

Class A USD (Accumulating) (ISIN: IE00BYGRF20): 11 January 2016
 Class F EUR (Accumulating) (ISIN: IE00BYGRRL89): 18 October 2017

Class D USD (Accumulating) (ISIN: IE00BYGRJ67): 16 November 2015

For the purpose of calculating the "since inception" returns of the MSCI index, the inception date of Class D of the Fund, being 16 November 2015, is used (as Class D was the first share class activated).

3. The investment returns depicted in this graph are cumulative on US\$100,000 invested in Class D of the specified Fund over the specified period relative to the specified net MSCI Index in US Dollars.
4. The geographic disposition of assets (i.e. other than "cash" and "shorts") shows the Fund's exposures to the relevant countries/regions through its long securities positions and long securities/index derivative positions, as a percentage of its portfolio market value. With effect from 31 May 2020, country classifications for securities were updated to reflect Bloomberg's "country of risk" designations and the changes were backdated to prior periods. "Shorts" show the Fund's exposure to its short securities positions and short securities/index derivative positions, as a percentage of its portfolio market value. "Cash" in this table includes cash at bank, cash payables and receivables and cash exposures through derivative transactions.
5. The table shows the Fund's net exposures to the relevant sectors through its long and short securities positions and long and short securities/index derivative positions, as a percentage of its portfolio market value. Index positions (whether through ETFs or derivatives) are only included under the relevant sector if they are sector specific, otherwise they are included under "Other".
6. The table shows the Fund's net exposures to the relevant currencies through its long and short securities positions, cash at bank, cash payables and receivables, currency forwards and long and short securities/index derivative positions, as a percentage of its portfolio market value. Currency classifications for securities reflect the relevant local currencies of the relevant Bloomberg country classifications. The table may not exhaustively list all of the Fund's currency exposures and may omit some minor exposures.
7. The table shows the Fund's top ten positions as a percentage of its portfolio market value taking into account its long securities positions and long securities derivative positions.

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