

7 August 2023

The Manager  
ASX Market Announcements  
Australian Securities Exchange Limited  
Sydney NSW 2000

**Platinum Capital Limited (ASX: PMC)  
Monthly Investment Update and Net Tangible Asset (NTA) Report (with cover letter)**

Platinum Capital Limited hereby releases the attached Monthly Investment Update and NTA Report for the month ended 31 July 2023 (released today at 5:12pm) with the accompanying cover letter (which was omitted in the previous release). There is no change to the information in the attachment.

For more information in relation to PMC, please refer to the website at:

[www.platinumcapital.com.au](http://www.platinumcapital.com.au)

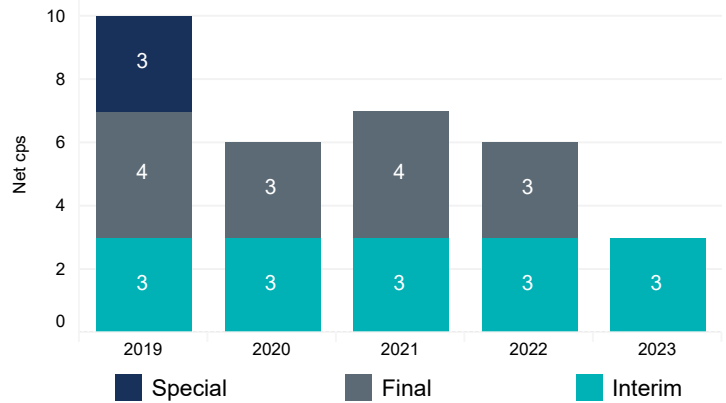
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## FACTS<sup>1</sup>

Market capitalisation	\$390.09 mn
Listing date	29 June 1994
Current share price	\$1.320
Current dividend yield	4.55%
Pre-tax NTA	\$1.6007
Post-tax NTA	\$1.5624
Maximum franked dividend	8.37 cps
Management fee:	1.10% p.a. (excl. GST) of portfolio value* plus
Performance fee:	15.00% p.a. (excl. GST) of outperformance over benchmark (MSCI All Country World Net Index (A\$)). Performance fees are calculated after recovery of any underperformance carried forward from prior periods.

## HISTORY OF FULLY FRANKED DIVIDENDS (CPS)<sup>3</sup>



## PERFORMANCE<sup>2</sup>

	1 month	3 months	6 months	CYTD	1 year	2 years p.a.	3 years p.a.	5 years p.a.	7 years p.a.	10 years p.a.	Since inception p.a.
<b>Company % (Pre-tax NTA)</b>	3.2	1.8	5.1	8.3	17.4	4.9	10.9	5.5	8.4	8.3	11.2
<b>MSCI %</b>	2.4	6.4	15.2	18.9	16.9	5.0	12.7	10.4	11.8	11.8	7.6

PMC's returns are calculated after the deduction of fees and expenses, adjusted for taxes paid and any capital flows and assume the reinvestment of dividends. PMC's returns have not been calculated using PMC's share price. Past performance is not a reliable indicator of future returns.

## INVESTED POSITIONS<sup>4</sup>

	LONG %	SHORT %	NET %	CCY %
<b>Asia-Pacific</b>	45.0	(0.7)	44.3	46.4
Australia	3.5	(0.1)	3.4	3.5
China	23.1		23.1	23.1
India	2.5		2.5	2.5
Japan	9.1	(0.4)	8.7	10.2
South Korea	4.6	(0.2)	4.3	4.3
Taiwan	1.6		1.6	1.6
Other Asia-Pacific	0.6		0.6	1.2
<b>Europe</b>	24.4	(0.5)	24.0	25.4
Austria	2.1		2.1	
Euro				14.7
Finland	2.7		2.7	
France	3.4		3.4	
Germany	2.7		2.7	
Italy	1.7		1.7	
Netherlands	1.2		1.2	
Switzerland	2.3		2.3	2.3
United Kingdom	6.8		6.8	8.2
Other Europe	1.5	(0.5)	1.1	0.2
<b>North America</b>	20.7	(6.3)	14.4	25.4
Canada	0.6		0.6	2.8
United States of America	20.1	(6.3)	13.8	22.7
<b>Other</b>	2.9	(0.2)	2.7	2.7
<b>Sub-Total</b>	93.0	(7.7)	85.4	100.0
<b>Cash</b>	7.0	7.7	14.6	
<b>Total</b>	100.0		100.0	100.0

Long - 118 stocks, 2 swaps, 1 option, 2 other Short - 25 swaps

## TOP TEN POSITIONS<sup>5</sup>

STOCK	COUNTRY	INDUSTRY	%
ZTO Express Cayman Inc	China	Industrials	3.7
Microchip Technology Inc	United States	Info Technology	3.6
Minebea Co Ltd	Japan	Industrials	3.0
Samsung Electronics Co	South Korea	Info Technology	3.0
Ping An Insurance Group	China	Financials	2.9
Allfunds Group Plc	UK	Financials	2.9
UPM-Kymmene OYJ	Finland	Materials	2.7
InterGlobe Aviation Ltd	India	Industrials	2.5
Suzano SA	Brazil	Materials	2.5
Airbus SE	France	Industrials	2.1
<b>Total</b>			28.9

## INDUSTRY BREAKDOWN<sup>4</sup>

SECTOR	LONG %	SHORT %	NET %
Industrials	22.3	(1.8)	20.5
Financials	17.6	(0.3)	17.3
Information Technology	15.0	(1.1)	13.9
Materials	9.3	(0.4)	8.9
Consumer Discretionary	10.4	(2.8)	7.6
Energy	5.5		5.5
Health Care	3.9		3.9
Real Estate	3.6		3.6
Communication Services	4.6	(1.2)	3.4
Consumer Staples	0.3		0.3
Utilities	0.3		0.3
Other	0.2		0.2
<b>Sub-Total</b>	93.0	(7.7)	85.4
<b>Cash</b>	7.0	7.7	14.6
<b>Total</b>	100.0		100.0

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1. Source: Platinum. The pre-tax NTA was calculated in accordance with Australian Accounting Standards, based on the fair value of all investments. The post-tax NTA is the pre-tax NTA after provision for tax on both realised and unrealised income and gains. The NTA is unaudited.

2. Source: Platinum for portfolio returns and Factset Research Systems for MSCI returns. The returns are calculated relative to the MSCI All Country World Net Index in A\$ (except the gross MSCI index was used prior to 31/12/96). Past performance is not a reliable indicator of future returns. Platinum does not invest by reference to the weightings of the index. The index is provided as a reference only.

3. Shows dividends paid during the calendar year. This information is historical. No guarantee is given about future dividends or the level of franking of such dividends (if any).

4. The "Long %" is the exposure to long securities and long securities/index derivative positions, the "Short %" is the exposure to short securities and short securities/index derivative positions and the "Net %" is the total of the "Long %" and "Short %", each as a percentage of PMC's portfolio value. The "CCY %" is the effective currency exposure of PMC's portfolio as a percentage of its portfolio value, taking into account long and short securities, cash, forwards and long and short securities/index derivative positions. For the "Industry breakdown", index positions (whether through ETFs or derivatives) are only included under the relevant sector if they are sector specific, otherwise they are included under "Other".

4. and 5. Country classifications for securities reflect Bloomberg's "country of risk" designations, and currency classifications for securities reflect the relevant local currencies of the country classifications.

5. The "Top ten positions" show PMC's top ten long securities positions as a percentage of PMC's portfolio value (including long securities and long securities derivative positions).

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## MARKET UPDATE AND COMMENTARY

- The portfolio gained 3.2% for the month. This brings the one-year return to a solid 17.4% and 8.3% for the year to date.
- The net invested position has increased significantly over the month due largely to the closure of some short positions.
- The US economy is looking more resilient than expected, however, we do believe a recession is still likely.

### Market Commentary

Markets continued to push higher in July. Historically, large increases in interest rates have been accurate predictors of a recession, as higher borrowing costs and tighter availability of credit eventually weaken activity and lower corporate profits. However, interest rates have now been high and in restrictive territory for 12 months, but the US economy remains resilient and employment is strong. It has also been a generally positive US corporate reporting season. There is a lot of uncertainty around the range of outcomes from this point on, especially as lower inflation and reduced recession risk now appear to be priced into markets. We have closed some of our dynamic short positions in cyclical businesses where a key assumption was a recession. We will look for better entry points as we continue to believe that earnings growth will broadly adjust lower from here, particularly in the US.

China continues to be a country deeply out of favour with investors. While many markets are back to all-time highs, China is still 30-45% down from its most recent February 2021 peak (depending on A-shares or H-shares, source: FactSet). In July, the Chinese government extended support for property developers, relaxed mortgage rules and dropped the “anti-speculation” language around home ownership while pledging to boost consumption and resolve local government debt. President Xi also called for a greater opening up of the economy, with a focus on foreign cooperation in trade and investment, while three US cabinet officials visited China in as many weeks during the month in an attempt to resolve tensions. In response to the likelihood of more stimulus, we deployed some cash to increase our exposure to key related stocks.

Platinum’s investment philosophy has always been to find mispriced stocks and opportunities in areas that are out of favour and away from the crowd. We continue to avoid trying to predict which direction the overall market is heading and instead look for attractively valued idiosyncratic business opportunities to invest capital in over the medium to long term.

Our net exposure rose over the month from around 73% to 85% as at 31 July. We added to the long portfolio while also closing around half of our short positions. We continue to buy stocks that we think offer good value and remain excited by opportunities across decarbonisation, semiconductors, travel, Chinese consumers, financials, and growth industrials. Our short book remains dynamic. The composition of the short portfolio continues to have less emphasis on highly valued growth names and more on COVID beneficiaries and challenged business models that we expect will have weak earnings outcomes and balance sheet problems in the year ahead.

### Performance Analysis\*

For the month, our biggest contributors were our Chinese holdings, particularly Ping An Insurance, ZTO Express and e-commerce platforms. Our US and Chinese long positions in aggregate added 4% to performance, while some of our European positions detracted. The short book detracted 1% over the month due to our US short positions. We have closed some of these positions, as mentioned above, but remain ready to reposition if the opportunity presents itself.

For the calendar year to date (CYTD), our long positions contributed 15% to the portfolio’s return, while our short positions detracted 6%. The portfolio’s return was driven by a broad array of long positions, with our semiconductor and European financial names being the standouts (Microchip, Infineon, Samsung Electronics, Micron, Intesa Sanpaolo) as AI excitement spread to the semiconductor space and European interest rates increased. Travel names have also been solid contributors (InterGlobe Aviation, Airbus) as demand for travel remains strong post-COVID. For the CYTD, our US long positions have been the standout performers, adding 5% to the portfolio’s performance, with a 3% contribution from Asia.

### Valuation

The portfolio’s aggregate valuation metrics are attractive in both an absolute sense and relative to the market, with a 39% higher starting earnings yield and a 37% discount on an asset basis (see table below).

Metric	Platinum Capital Limited	MSCI AC World Net Index (A\$)
NTM Earnings Yield	8.5% (Price-to-Earnings ratio of 11.8x)	6.1% (Price-to-Earnings ratio of 16.4x)
NTM Dividend Yield	3.0%	2.6%
NTM Enterprise Value-to-Sales	1.4x	1.7x
LTM Price-to-Book Ratio	1.7x	2.7x

The valuations in the table have been calculated by Platinum and for the portfolio refer to the long portion of the portfolio, exclude negative net earnings and use FactSet consensus earnings. MSCI data is sourced from Rimes, FactSet and Platinum. As at 31 July 2023. NTM = next twelve months. LTM = last twelve months.

\*Source: Platinum. Contribution numbers are based on the total return of individual positions (in AUD) and are gross as they do not take into account the portfolio’s fees and costs (other than brokerage). **Past performance is not a reliable indicator of future returns.**