

7 December 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**

Platinum Capital Limited hereby release the Monthly Investment Update and NTA Report for the month ended 30 November 2023 (as attached).

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    | \$369.18 mn   |
| Listing date             | 29 June 1994  |
| Current share price      | \$1.250   |
| Current dividend yield   | 4.80%   |
| Pre-tax NTA              | \$1.4940  |
| Post-tax NTA             | \$1.4865  |
| Maximum franked dividend | 8.47 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. |

## 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> | 1.0     | (3.6)    | (1.5)    | 3.7  | 4.5    | 2.3          | 4.8          | 6.5          | 7.1          | 6.9           | 10.9                 |
| <b>MSCI %</b>                  | 4.3     | (0.8)    | 5.7      | 19.3 | 13.1   | 2.9          | 9.5          | 11.2         | 11.4         | 11.1          | 7.6                  |

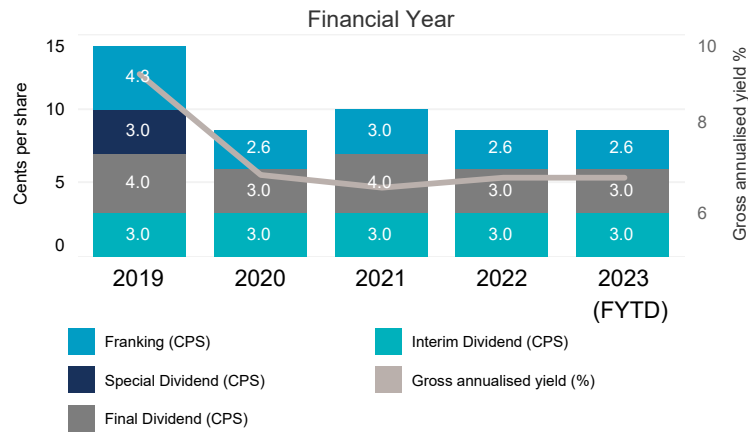
PMC's returns are calculated after the deduction of fees and expenses, adjusted for taxes paid and any capital flows and assume the reinvestment of dividends. PMC's returns have not been calculated using PMC's share price. Past performance is not a reliable indicator of future returns.

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

|                          | LONG % | SHORT % | NET % | CCY % |
|--------------------------|--------|---------|-------|-------|
| <b>Asia-Pacific</b>      | 41.2   | (0.9)   | 40.4  | 60.4  |
| Australia                | 3.3    |         | 3.3   | 4.3   |
| China                    | 20.0   |         | 20.0  | 20.0  |
| India                    | 1.9    |         | 1.9   | 1.9   |
| Japan                    | 8.6    | (0.5)   | 8.2   | 27.0  |
| South Korea              | 4.0    | (0.2)   | 3.9   | 3.9   |
| Taiwan                   | 1.8    | (0.2)   | 1.6   | 1.6   |
| Other Asia-Pacific       | 1.5    |         | 1.5   | 1.7   |
| <b>Europe</b>            | 21.6   | (2.7)   | 18.9  | 25.1  |
| Austria                  | 1.1    |         | 1.1   |       |
| Euro                     |        |         |       | 12.6  |
| Finland                  | 3.0    |         | 3.0   |       |
| France                   | 3.2    |         | 3.2   |       |
| Germany                  | 1.8    | (2.1)   | (0.3) |       |
| Switzerland              | 4.2    | (0.1)   | 4.1   | 4.2   |
| United Kingdom           | 7.1    |         | 7.1   | 8.1   |
| Other Europe             | 1.1    | (0.5)   | 0.6   | 0.2   |
| <b>North America</b>     | 17.5   | (11.4)  | 6.0   | 11.4  |
| Canada                   | 2.4    |         | 2.4   | 2.3   |
| United States of America | 15.0   | (11.4)  | 3.6   | 9.0   |
| <b>Other</b>             | 3.1    |         | 3.1   | 3.1   |
| <b>Sub-Total</b>         | 83.3   | (15.0)  | 68.3  | 100.0 |
| <b>Cash</b>              | 16.7   | 15.0    | 31.7  |       |
| <b>Total</b>             | 100.0  |         | 100.0 | 100.0 |

Long - 117 stocks, 1 swap, 1 option, 2 other Short - 39 swaps, 3 indices

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



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

| STOCK                  | COUNTRY     | INDUSTRY        | %    |
|------------------------|-------------|-----------------|------|
| ZTO Express Cayman Inc | China       | Industrials     | 3.2  |
| Allfunds Group Plc     | UK          | Financials      | 3.1  |
| UBS Group AG           | Switzerland | Financials      | 3.0  |
| UPM-Kymmene OYJ        | Finland     | Materials       | 3.0  |
| Samsung Electronics Co | South Korea | Info Technology | 3.0  |
| Tencent Holdings Ltd   | China       | Comm Services   | 2.7  |
| Suzano SA              | Brazil      | Materials       | 2.4  |
| Minebea Co Ltd         | Japan       | Industrials     | 2.4  |
| Airbus SE              | France      | Industrials     | 2.2  |
| Cameco Corp            | Canada      | Energy          | 2.1  |
| <b>Total</b>           |             |                 | 27.2 |

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

| SECTOR                 | LONG % | SHORT % | NET % |
|------------------------|--------|---------|-------|
| Financials             | 15.1   | (0.7)   | 14.4  |
| Industrials            | 18.1   | (3.8)   | 14.3  |
| Materials              | 10.5   | (0.2)   | 10.3  |
| Information Technology | 11.6   | (3.3)   | 8.3   |
| Consumer Discretionary | 10.4   | (2.1)   | 8.3   |
| Energy                 | 6.4    |         | 6.4   |
| Communication Services | 4.9    | (0.7)   | 4.2   |
| Real Estate            | 3.1    |         | 3.1   |
| Health Care            | 2.7    | (0.1)   | 2.6   |
| Consumer Staples       | 0.4    |         | 0.4   |
| Utilities              | 0.2    |         | 0.2   |
| Other                  |        | (4.3)   | (4.3) |
| <b>Sub-Total</b>       | 83.3   | (15.0)  | 68.3  |
| <b>Cash</b>            | 16.7   | 15.0    | 31.7  |
| <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 determined in respect of the relevant financial year. This information is historical. No guarantee is given about future dividends or the level of franking of such dividends.

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 returned +1.0% for the month.
- At the end of November 2023 the portfolio was 83.3% long with the short book at 15%.

### Market Commentary

With growing optimism that the Fed has done its work and amidst strengthening disinflation narratives, US equities posted their biggest monthly gains since July 2022. Some weaker than expected economic data added weight to these 'rates-have peaked' narratives: October payrolls growth came in below consensus and continuing claims were at the highest level since November 2021. The October CPI was the lowest since September 2021 and WTI crude fell more than 6%. While the November FOMC meeting (on 1 November) saw no policy change, markets are now pricing in a near zero chance of a December rate hike and there was an acceleration of rate cut expectations around 2024.

We would highlight that inflation looks to have peaked because the economy is slowing. The commentary from 3Q earnings season was downbeat and analysts revised their earnings growth forecasts for 4Q from 8% down to 2.9%. We note that earnings growth for 2024 is still at double digits which, in our view, seems high for a slowing economy.

European equity markets were also higher in November on the disinflation and peak rates narrative. Unsurprisingly, rate sensitive sectors such as real estate and technology were the best performers. Europe has an interesting economic and political backdrop. The individual and collective economies are slowing, hopes of a China-reopening economic boost have fizzled and concerns around energy supply vulnerability have heightened given the Middle East turmoil and prolonged Russia/Ukraine war. In our view, this has given rise to an increase in fragmented politics and the rise of fringe parties in many countries, the latest being the election of the Freedom Party in the Netherlands led by Geert Wilders. Given the uncertainty, we would have expected equity markets to be weaker than they are and we remain relatively cautious on the region, mainly investing in those companies and industries that have already gone through their recession.

Asian equity markets had a positive November apart from Hong Kong which declined 1%. Of the risers, the most notable was the Kospi's 16% gain, driven by South Korea's decision to ban short selling.

There was some positive economic data out of China with October retail sales coming in above expectations at 7.6% year-on-year growth (albeit off a low base from October 2022 due to COVID-19 restrictions). Industrial production growth also rose and beat expectations but the property sector remains a handbrake on the economy with property sales falling 20.3% year-on-year.

The Chinese government has been steadily providing more support for the property sector. In the latest news, Beijing released a list of 50 developers that will be eligible for easier bank loans as well as debt and equity financing. It may also allow banks to issue unsecured loans to developers for the first time. There is a lag between policy implementation and the effect it has on the economy and we expect that additional stimulus measures will increase the population's confidence in the property sector and in turn help boost the economy.

### Performance Analysis\*

For the month our biggest contributors to performance were Chinese online retailer PDD Holdings, European fund distribution and platform provider, Allfunds and Swiss banking giant UBS Group. Detractors included a short position in the Nasdaq Index, Chinese parcel delivery company ZTO Express and Chinese insurance company Ping An Insurance Group.

### Valuation

Relative to the market the portfolio earnings yield remains attractive – up approximately 38%. The portfolio also has a relative Price-to-Book ratio running at around a 40% discount (see table below). Platinum's investment process is focused on finding businesses that have better long-term growth prospects but are oversold or out of favour due to temporary setbacks and therefore have attractive valuations.

| Metric                        | Platinum Capital Limited                | MSCI AC World Net Index (A\$)         |
|-------------------------------|---|---------------------------------------|
| NTM Earnings Yield            | 8.7% (Price-to-Earnings ratio of 11.5x) | 6.3% (Price-to-Earnings ratio of 16x) |
| NTM Dividend Yield            | 2.9%                                    | 2.7%                                  |
| NTM Enterprise Value-to-Sales | 1.4x                                    | 2.2x                                  |
| LTM Price-to-Book Ratio       | 1.5x                                    | 2.5x                                  |

The valuations in the table have been calculated by Platinum 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 30 November 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.**