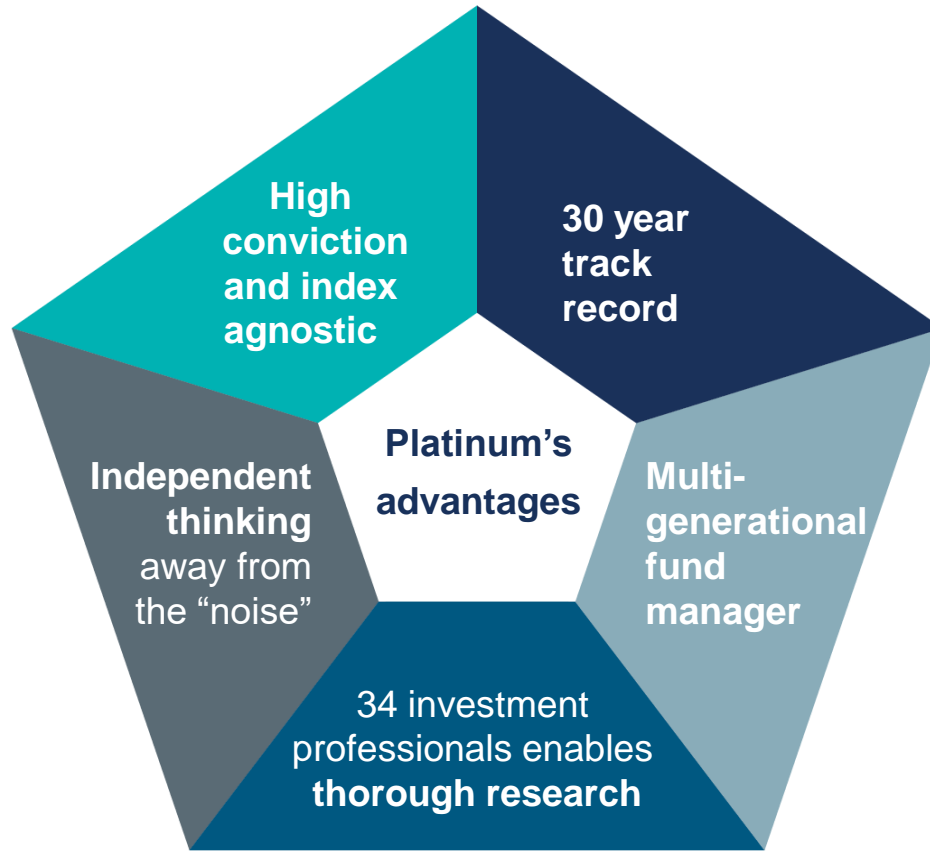


# Platinum European Fund

Fund in Focus Webinar  
Thursday 9 November 2023



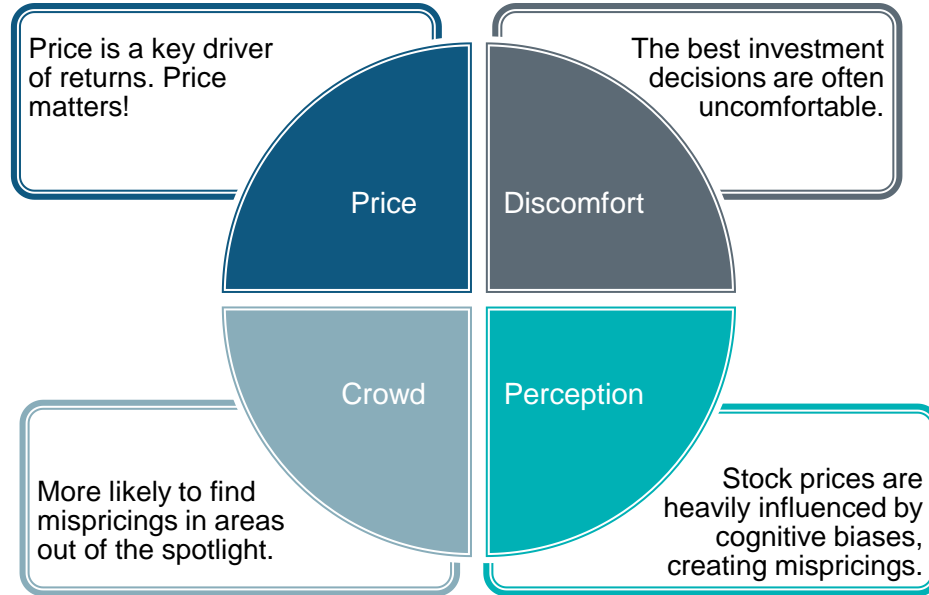
# Why invest with Platinum?



# We seek to produce strong absolute returns

Fundamental, bottom-up long bias equity long/short strategies, seeking best risk/reward across region, sectors and themes

## Investment considerations – four key tenets



We pursue opportunities in areas of temporary uncertainty and/or long-term change



# We seek to protect the downside

We view risk as the prospect of losing our clients' capital

## Diversified Longs

- ◆ **In-depth research**
- ◆ Laser-like focus on **fundamental valuation**

## Short Selling

- ◆ Identifying and **targeting heat** in certain areas i.e. excessive valuation
- ◆ Identifying and targeting **structurally challenged business**

## Cash Flexibility

- ◆ Hold cash when there is a lack of buying opportunities

## Currency Management

- ◆ Used if there is a **view the currency is undervalued/overvalued**

## Team and Process Management

- ◆ **Co-CIOs** lead broad investment discussion
- ◆ **Head of Investment** oversees investment team and process and raises awareness of anomalies



# European Co-Portfolio Managers working together for 8yrs

In addition to drawing on the whole investment team



## Nik Dvornak

- ◆ Co-Portfolio Manager of the Platinum European Fund and Platinum International Fund
  - ◆ Joined Platinum in October 2006
  - ◆ Previous experience includes quantitative and economic analyst roles at APRA, Commonwealth Securities, Reserve Bank of Australia and Lateral Economics
  - ◆ MCom Hons (Melb), BCom Hons (Auckland)
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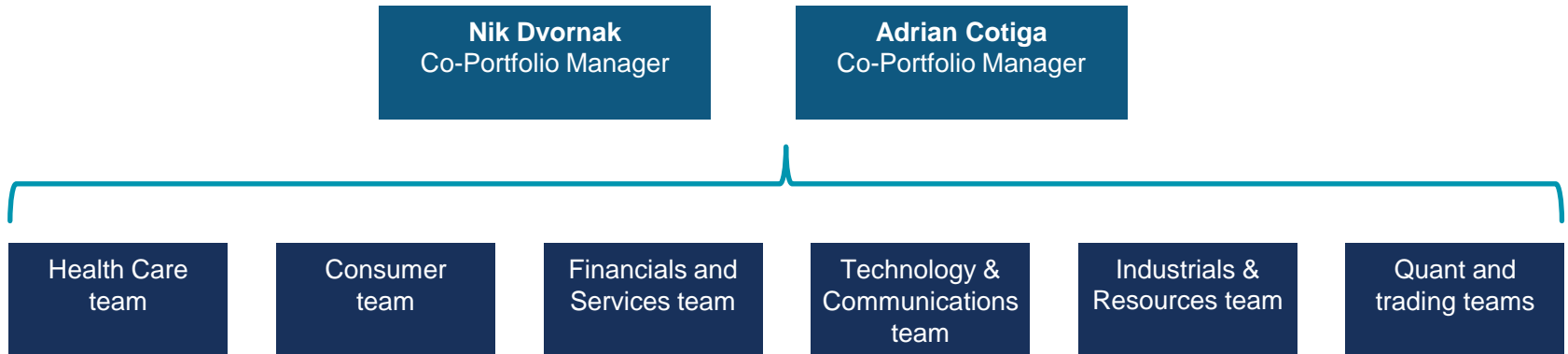
## Adrian Cotiga

- ◆ Co-Portfolio Manager of the Platinum European Fund and Team Leader of the Financials and Services industry team
  - ◆ Joined Platinum in October 2015
  - ◆ Previously, Adrian worked as a program manager at Lloyds Banking Group and Westpac
  - ◆ BCom Romania, MCom (UNSW)
- 



# 25 years experience investing in Europe

- ◆ Launched in June 1998
- ◆ Invests in companies within the European region, including European companies listed on exchanges outside the region
- ◆ Adheres to Platinum's investment approach; index agnostic, seeks neglect, seeks to manage downside risk
- ◆ Very diverse opportunity set across industries and levels of development across the region



# Agenda

1. The current state of Europe
2. The Platinum European Fund positioning
3. In-depth look at regional and global champions
4. Q&A



# The current state of Europe

## Macroeconomic environment

1. The economy is slowing
2. China rebound has disappointed
3. Energy supply vulnerability

## Political climate

1. Russia / Ukraine war
2. Domestic politics increasingly fragmented

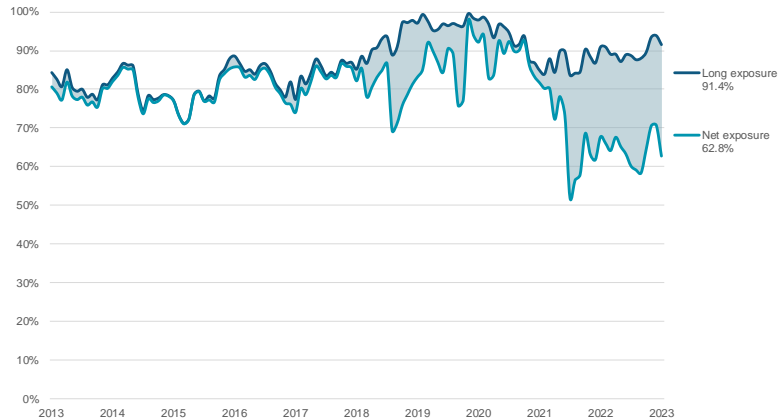
Valuation = at all time highs!



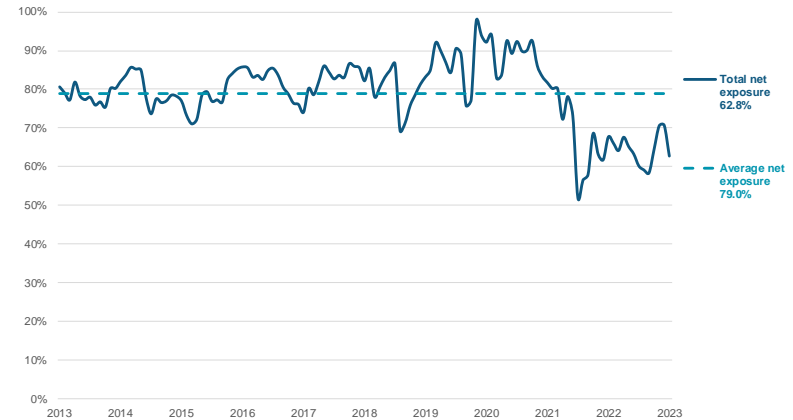


# Relatively low invested position: waiting to pounce!

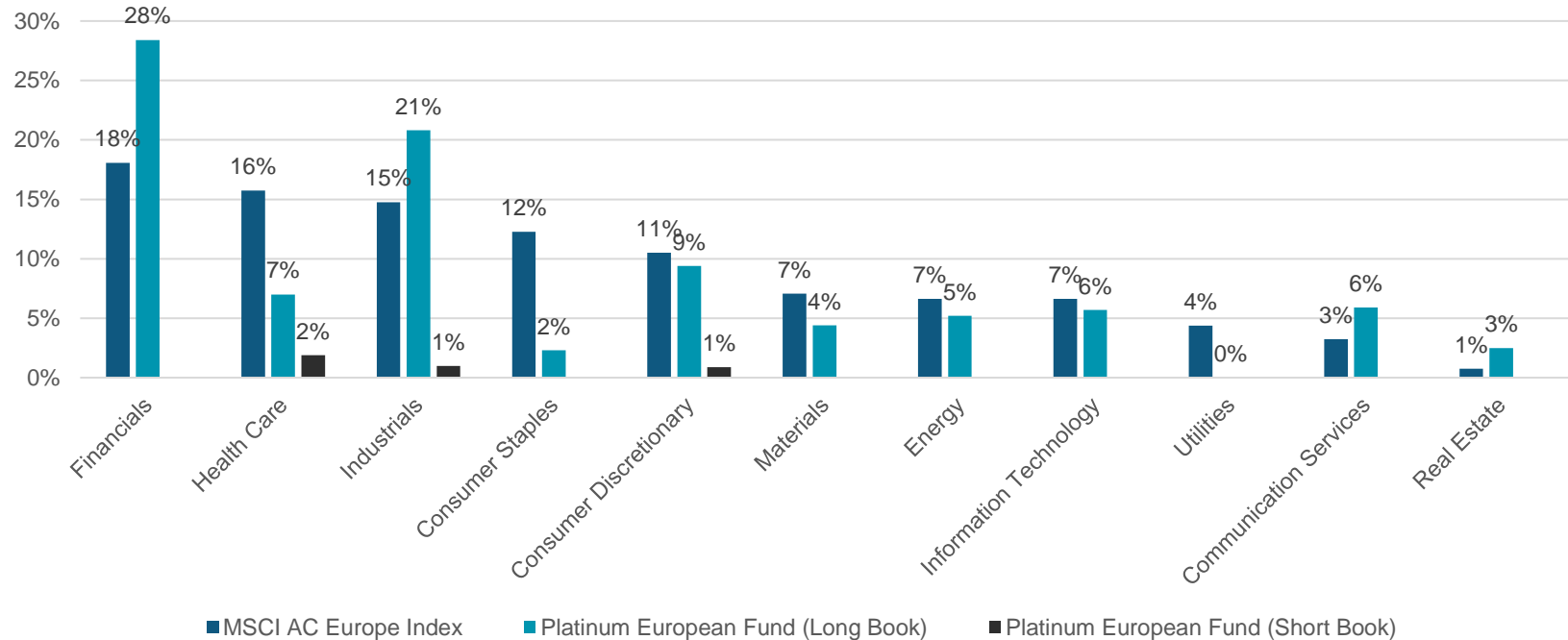
## Fund exposure 31 Oct 2013 – 31 Oct 2023



## Fund net exposure 31 Oct 2013 – 31 Oct 2023

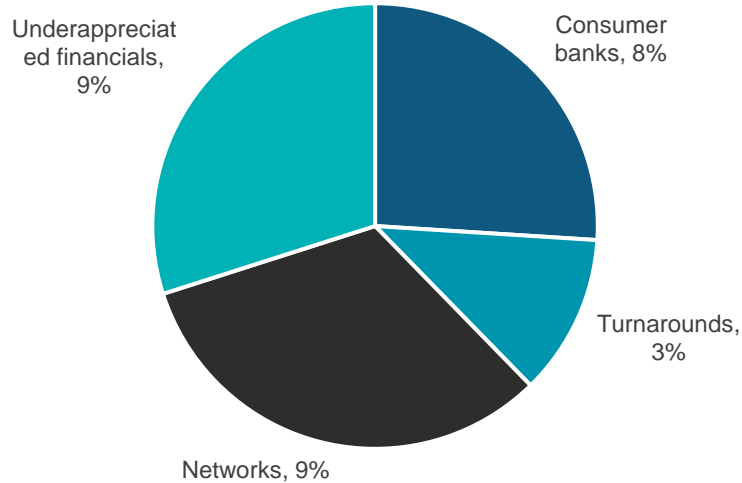


# MSCI AC Europe vs PEF – industry exposure

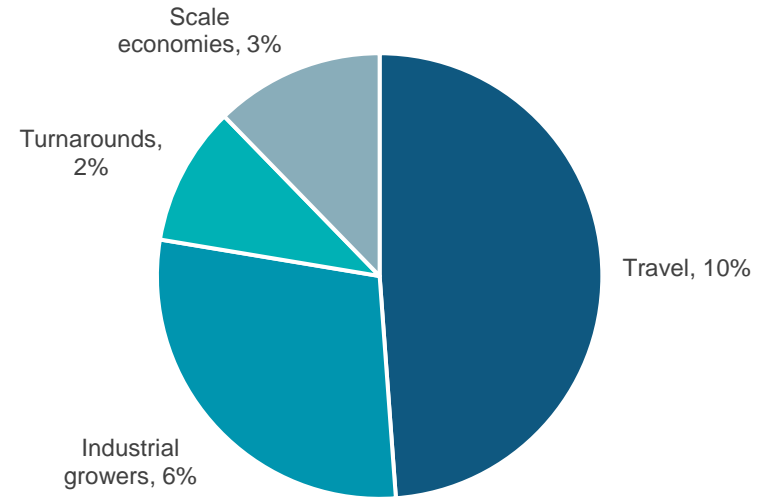


# MSCI AC Europe vs PEF – industry exposure

Platinum's ~28% financials exposure is well diversified



Platinum's ~21% Industrials exposure is well diversified



# Portfolio snapshot, as at 31 October 2023

Turnarounds  
~14%



Networks  
~10%



Central Europe  
Consumer ~10%



Industrial Growers  
~10%



Underappreciated  
Financials ~9%



Carbon Transition  
~9%



Scale Economies  
~9%



Digital Leaders  
~7%



# Ryanair: the airline achieving economies of scale



## What does the company do?

- World's third largest low-cost airline

## What's the market missing?

- Sold off when travel was non-existent during COVID
- Market still underestimating level of growth and cost advantages of a low cost airline

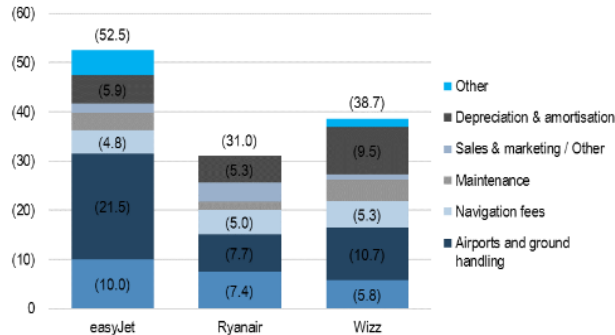
## Drivers of value and growth?

- Recovery in air travel post COVID
- Gaining economies of scale

## Valuation?

- Trading on <8x 1 year forward PE

## LCC ex-fuel costs per passenger (€), 2019



# Universal Music: the digital leader



## What does the company do?

- ◆ Owns the largest catalogue of recorded music and publishing rights

## What's the market missing?

- ◆ How is AI going to affect the business?
- ◆ Relevance / disruption by technology

## Drivers of value and growth?

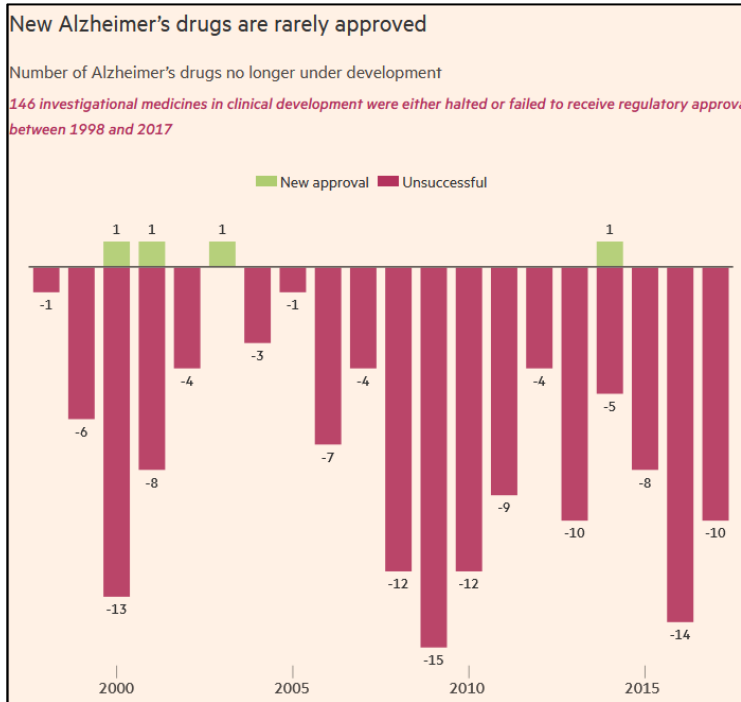
- ◆ Price increases by the streaming services should flow through to the label's pre-tax income
- ◆ Renegotiation of how content's share of revenue is split

## Valuation?

- ◆ 26x 1 year forward PE with the market assuming 15% EPS growth



# bioArctic: helping an ageing population



## What does the company do?

- Working on neurodegenerative diseases such as Alzheimers and Parkinson

## What's the market missing?

- Every major drug targeting these diseases has failed
- Academic debate about the causal relationship between dementia and Beta Amyloid

## Drivers of value and growth?

- Ageing population
- Scarcity of treatments

## Valuation?

- Earns a high return on equity (~32% forecast for CY23)



# 3 key takeaways

1. The risks in Europe are elevated and valuations don't reflect that. This is why **active management is essential**
2. Platinum is focused on selective opportunities in Europe and has a relatively low invested position, **we're ready to pounce!**
3. Our portfolio is home to some **truly first-class global and regional businesses with strong moats**





# The Investment Specialist team is here to help



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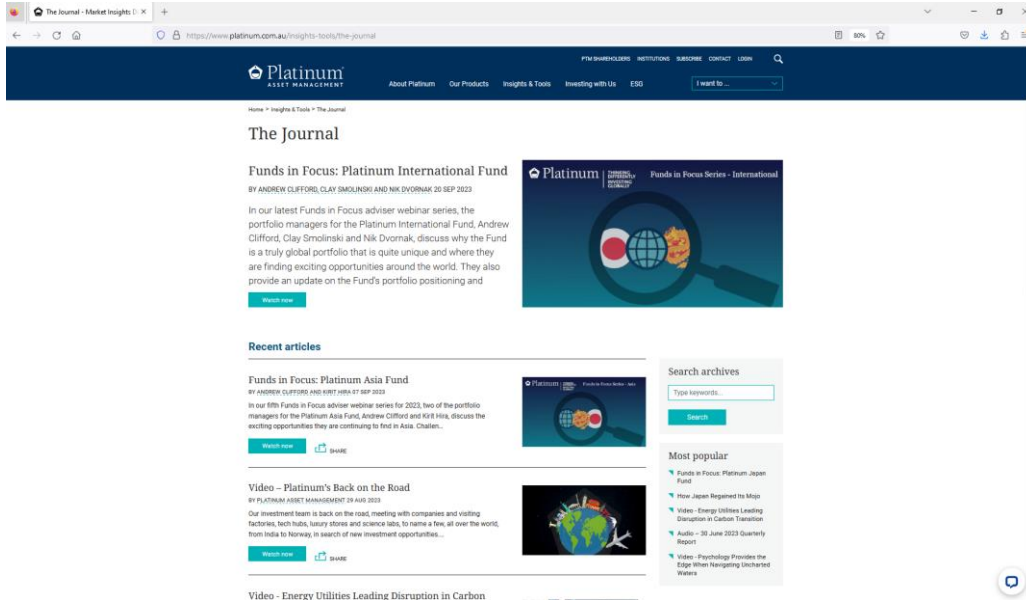
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# We are here to help – The Journal

www.platinum.com.au/Insights-Tools/The-Journal



## Topical videos:

“Platinum’s Back on the Road”

“A Reality Check for Tech?”

“Power Semiconductors Powering Our Lives”

## Fund in Focus Series (webinar recordings):

Platinum International Brands

Platinum Global Transition Fund

Platinum International Health Care

Platinum Japan Fund

Platinum Asia Fund

Platinum International Fund

Platinum International Technology Fund



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