

Platinum International Fund (Quoted Managed Hedge Fund) - ASX: PIXX



MONTHLY REPORT 30 April 2024

FACTS

| | |
|-------------------------------|---------------------|
| Portfolio value | \$297.05 mn |
| Fund commenced | 12 September 2017 |
| Fund launch | 14 September 2017 |
| Income distribution date | Annual, 30 June |
| Unit valuation | Sydney Business Day |
| Net asset value (\$ per unit) | \$4.9707 |

PERFORMANCE¹

| | Fund % | MSCI % |
|-------------------------------|--------|--------|
| 1 month | (0.4) | (2.8) |
| 3 months | 6.6 | 5.9 |
| 6 months | 8.0 | 16.8 |
| Calendar year to date | 6.1 | 9.9 |
| 1 year | 4.6 | 19.5 |
| 2 years (compound pa) | 9.3 | 14.5 |
| 3 years (compound pa) | 4.9 | 10.5 |
| 5 years (compound pa) | 6.3 | 11.2 |
| Since inception (compound pa) | 6.7 | 12.4 |

INVESTED POSITIONS OF PLATINUM INTERNATIONAL FUND³

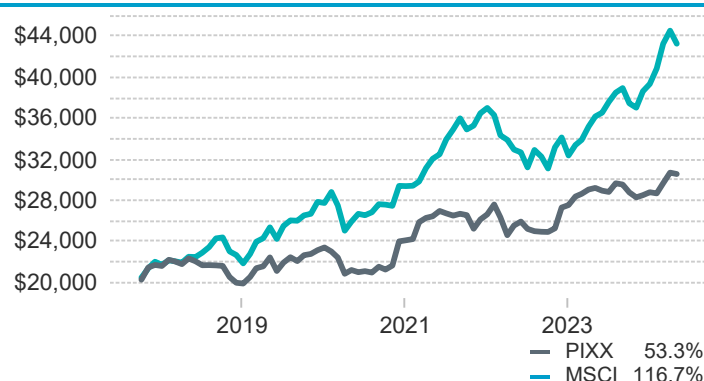
| | LONG % | SHORT % | NET % | CCY % |
|--------------------------|--------|---------|-------|-------|
| Asia-Pacific | 41.8 | (0.2) | 41.7 | 61.6 |
| Australia | 0.3 | (0.2) | 0.1 | 1.4 |
| China | 22.4 | | 22.4 | 22.4 |
| Taiwan | 3.3 | | 3.3 | 3.3 |
| India | 2.9 | | 2.9 | 2.9 |
| Japan | 8.5 | | 8.5 | 26.4 |
| South Korea | 3.2 | | 3.2 | 3.2 |
| Other Asia-Pacific | 1.2 | | 1.2 | 2.0 |
| Europe | 23.5 | | 23.5 | 27.4 |
| Austria | 1.3 | | 1.3 | |
| Finland | 3.0 | | 3.0 | |
| France | 5.1 | | 5.1 | |
| Italy | 1.5 | | 1.5 | |
| Netherlands | 1.1 | | 1.1 | |
| Switzerland | 2.9 | | 2.9 | 3.0 |
| United Kingdom | 8.0 | | 8.0 | 10.0 |
| Euro | | | | 14.4 |
| Other Europe | 0.5 | | 0.5 | 0.1 |
| North America | 22.2 | (1.4) | 20.8 | 8.8 |
| Canada | 2.8 | | 2.8 | 3.1 |
| United States of America | 19.4 | (1.4) | 18.0 | 5.7 |
| Other | 2.1 | | 2.1 | 2.1 |
| Sub-Total | 89.6 | (1.6) | 88.1 | 100.0 |
| Cash | 10.4 | 1.6 | 11.9 | |
| Total | 100.0 | | 100.0 | 100.0 |

FEES

| | |
|---|--------------|
| Entry fee | Nil |
| Buy/sell spread | 0.15%/0.15% |
| (Platinum International Fund) Investment management | 1.10% p.a. |
| Investment performance | 15.00% p.a.* |

* of the amount by which the Fund's return exceeds its index return

PERFORMANCE GRAPH²



TOP TEN POSITIONS OF PLATINUM INTERNATIONAL FUND⁴

| STOCK | COUNTRY | INDUSTRY | % |
|-------------------------|---------------|--------------------|-------------|
| ZTO Express Cayman Inc | China | Industrials | 4.2 |
| Alphabet Inc | United States | Comm Services | 3.3 |
| Taiwan Semiconductor | Taiwan | Info Technology | 3.3 |
| Allfunds Group Plc | UK | Financials | 3.2 |
| Samsung Electronics Co | South Korea | Info Technology | 3.2 |
| UPM-Kymmene Oyj | Finland | Materials | 3.0 |
| InterGlobe Aviation Ltd | India | Industrials | 2.9 |
| UBS Group AG | Switzerland | Financials | 2.9 |
| Tencent Holdings Ltd | China | Comm Services | 2.8 |
| Trip.com Group Ltd | China | Cons Discretionary | 2.6 |
| Total | | | 31.5 |

INDUSTRY BREAKDOWN OF PLATINUM INTERNATIONAL FUND³

| SECTOR | LONG % | SHORT % | NET % |
|------------------------|--------|---------|-------|
| Industrials | 21.3 | (0.1) | 21.3 |
| Financials | 16.5 | (0.5) | 16.1 |
| Information Technology | 13.2 | (0.8) | 12.4 |
| Consumer Discretionary | 11.4 | (0.1) | 11.3 |
| Communication Services | 7.3 | (0.2) | 7.1 |
| Materials | 7.0 | | 7.0 |
| Energy | 6.4 | | 6.4 |
| Real Estate | 3.8 | | 3.8 |
| Health Care | 1.4 | | 1.4 |
| Consumer Staples | 1.1 | | 1.1 |
| Utilities | 0.3 | | 0.3 |

Long - 63 stocks, 1 swap, 2 other Short - 9 swaps

Platinum Investment Management Limited ABN 25 063 565 006 AFSL 221935, trading as Platinum Asset Management ("Platinum") is the responsible entity of the Platinum International Fund (Quoted Managed Hedge Fund) (the "Fund"). The Fund's latest Product Disclosure Statement (the "PDS") provides details about the Fund. You can obtain a copy of the PDS from Platinum's website www.platinum.com.au, or by contacting Investor Services on 1300 726 700 (Australian investors only), or 0800 700 726 (New Zealand investors only), or 02 9255 7500, or via invest@platinum.com.au. The Fund's target market determination is available at www.platinum.com.au/Investing-with-Us/New-Investors. This information is general in nature and does not take into account your specific needs or circumstances. You should consider your own financial position, objectives and requirements and seek professional financial advice before making any financial decisions. Numerical figures have been subject to rounding. Platinum does not guarantee the performance of the Fund, the repayment of capital or the payment of income. The market commentary reflects Platinum's views and beliefs at the time of preparation, which are subject to change without notice. No representations or warranties are made by Platinum as to their accuracy or reliability. To the extent permitted by law, no liability is accepted by Platinum for any loss or damage as a result of any reliance on this information.

1. & 2. Source: Platinum for Fund returns and Factset Research Systems for MSCI returns. Investment returns are calculated using the Fund's NAV unit price (i.e. exclude a buy/sell spread), and represent the combined income and capital returns in the specified period. All returns are pre-tax, net of fees (including any accrued performance fee) and costs and assume the reinvestment of distributions. The returns are calculated relative to the MSCI All Country World Net Index in A\$. The investment returns depicted in the graph are cumulative on A\$20,000 invested in the Fund since inception. **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. 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 exposure to long and short securities and long and short securities/index derivative positions, each as a percentage of the market value of Platinum International Fund's ("PIF's") portfolio. The "Currency %" is the effective currency exposure of PIF's portfolio as a percentage of the market value of its portfolio, 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".

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

4. The "Top ten positions" show PIF's top ten long securities positions as a percentage of the market value of PIF's portfolio (including long securities and long securities derivative positions).

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MARKET UPDATE AND COMMENTARY

This commentary relates to the underlying fund, the Platinum International Fund.

- The Platinum International Fund returned -0.5% for April 2024, beating the MSCI AC World Index which was down -2.9% for the month.
- Chinese stocks contributed 2.1% to monthly returns, mainly through consumer discretionary and real estate stocks. European stocks were the worst performers, detracting 1.0% from monthly performance.
- 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 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.

Performance Analysis*

The Platinum International Fund returned -0.5% for April 2024, outperforming the MSCI AC World Index which fell 2.9% for the month.

The Fund's Chinese holdings were the standouts, contributing 2.1% to monthly performance. The top contributor to portfolio performance was China Overseas Land and Investment Limited, a Hong Kong based real estate conglomerate. China's property sector has been in the doldrums for the past few years, however, we have seen the government recently announce further stimulus measures targeted at the sector. The latest urban village renovations and social housing programs are further signs the government is committed to helping the sector. The essence of the program is that the government can buy excess housing stock from developers to hold or rent out and/or buy housing in the secondary market to soak up inventory. The Fund's exposure to Chinese real estate is ~3%.

A major contributor to monthly returns – and a new addition to the Fund's top 10 stocks - is Alphabet, the parent company of Google. The Fund bought its original position in May 2023 when there were concerns that a potential US recession would trim the advertising revenue of the company. Since then, recessionary concerns have eased and while the stock price has increased by nearly 60% since May 2023, its valuation multiple has remained largely the same as the company has improved profitability.

The current mispricing opportunity in Alphabet's stock is the market's concern that AI will disrupt Google's search business. There are also questions around:

- how Google will be able to serve advertisements if they implement an AI ChatGPT style interface
- that the computing power required will be more expensive and therefore compress the company's margin.

There have been times in the past where investors worried about a platform change impairing Google's position in search. The first was the move away from desktop computers to mobile phones and the second was the increased uptake in voice assistants. In both those cases, the fear was overblown and we think this time will be the same. What gives us confidence is that Microsoft's search function, Bing, has integrated ChatGPT but failed to take market share away from Google. Given Google's market leading position, we think it well positioned to lead the AI-enabled search evolution. The company has proven they can address these threats and evolve their business e.g. they built Android to deal with the shift to mobile.

Alphabet have experience in making valuable AI products (e.g. Google Translate), they have their own specialist AI chips (the best chips independent of Nvidia) and they are positioning Google Cloud as the provider of choice for AI start-ups. We approach Alphabet like our other investments in the AI theme - we are investing in businesses that will benefit from the continued spend in AI but have good quality underlying businesses that are growing and can sustain their valuation multiples even if the spend or hype in AI dies down. This describes Alphabet, which is growing at double digits and trading at a substantial discount to other AI enablers like Microsoft

An attractively valued portfolio

The portfolio's aggregate valuation metrics are attractive in both an absolute sense and relative to the market, with a ~43% higher earnings yield and a ~39% discount on an asset basis (see table below).

| Metric | Platinum International Fund | MSCI AC World Net Index (A\$) |
|-------------------------------|---|---|
| NTM Earnings Yield | 8.3% (Price-to-Earnings ratio of 12.1x) | 5.8% (Price-to-Earnings ratio of 17.1x) |
| NTM Dividend Yield | 2.6% | 2.4% |
| NTM Enterprise Value-to-Sales | 1.8x | 2.3x |
| LTM Price-to-Book Ratio | 1.7x | 2.8x |

The valuations in the table have been calculated by Platinum and for the Fund 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 April 2024. 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 Fund's fees and costs (other than brokerage). **Past performance is not a reliable indicator of future returns**