

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

MONTHLY REPORT 30 April 2022



## FACTS

Portfolio value	\$341.42 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)	\$4.9653

## PERFORMANCE<sup>1</sup>

	Fund %	MSCI %
1 month	3.8	(2.8)
3 months	(7.4)	(9.2)
6 months	1.2	(6.6)
Calendar year to date	(4.1)	(10.9)
1 year	(3.4)	2.8
2 years (compound pa)	9.7	12.7
3 years (compound pa)	4.4	9.1
Since inception (compound pa)	5.5	11.4

## INVESTED POSITIONS OF PLATINUM INTERNATIONAL FUND<sup>3</sup>

	LONG %	SHORT %	NET %	CCY %
<b>Asia-Pacific</b>	38.0	(3.5)	34.5	45.0
Australia	4.3	(0.3)	4.0	4.5
China	17.3		17.3	18.3
Hong Kong				3.6
India	2.0		2.0	2.0
Japan	10.5	(3.1)	7.4	12.8
Kazakhstan	0.2		0.2	0.2
New Zealand		(0.1)	(0.1)	(0.1)
South Korea	3.7		3.7	3.7
<b>Europe</b>	22.7	(4.6)	18.1	24.3
Austria	1.7		1.7	
Belgium	0.1		0.1	
Denmark	0.2	(0.2)		0.2
Finland	2.4		2.4	
France	2.5	(0.3)	2.2	
Germany	4.1	(3.2)	0.8	
Ireland	0.8		0.8	
Italy	1.6		1.6	
Netherlands	2.2		2.2	
Other Europe		(0.7)	(0.7)	
Spain	0.5		0.5	
Switzerland	0.9	(0.2)	0.7	0.8
United Kingdom	5.8		5.8	6.0
Euro				17.2
<b>North America</b>	18.2	(19.1)	(1.0)	28.6
Canada	2.9		2.9	3.5
United States of America	15.2	(19.1)	(3.9)	25.1
<b>Other</b>	2.1		2.1	2.1
<b>Sub-Total</b>	81.0	(27.2)	53.8	100.0
<b>Cash</b>	19.0	27.2	46.2	
<b>Total</b>	100.0		100.0	100.0

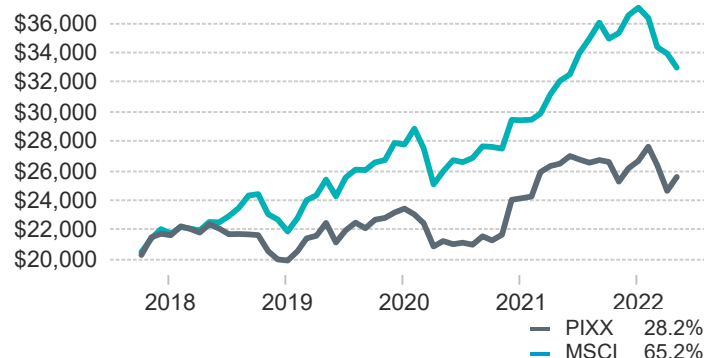
Long - 122 stocks, 2 swaps, 1 option Short - 37 swaps, 5 indices

## 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 GRAPH<sup>2</sup>



## TOP TEN POSITIONS OF PLATINUM INTERNATIONAL FUND<sup>4</sup>

STOCK	COUNTRY	INDUSTRY	%
Glencore PLC	Australia	Materials	3.6
ZTO Express Cayman Inc	China	Industrials	3.2
Microchip Technology Inc	United States	Info Technology	2.8
Minebea Co Ltd	Japan	Industrials	2.6
Ping An Insurance Group	China	Financials	2.5
UPM-Kymmene OYJ	Finland	Materials	2.4
Tencent Holdings Ltd	China	Comm Services	2.4
Samsung Electronics Co	South Korea	Info Technology	2.2
Trip.com Group Ltd	China	Cons Discretionary	2.1
InterGlobe Aviation Ltd	India	Industrials	2.0
<b>Total</b>			25.8

## INDUSTRY BREAKDOWN OF PLATINUM INTERNATIONAL FUND<sup>3</sup>

SECTOR	LONG %	SHORT %	NET %
Industrials	17.2	(0.7)	16.5
Materials	14.6	(0.2)	14.4
Financials	12.5	(0.1)	12.4
Consumer Discretionary	10.7	(4.2)	6.4
Health Care	4.9	(0.1)	4.8
Energy	3.9		3.9
Communication Services	4.3	(0.6)	3.7
Information Technology	9.3	(5.9)	3.3
Real Estate	2.6		2.6
Consumer Staples	0.9	(0.5)	0.4
Other		(14.9)	(14.9)

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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

- Strong April means that 6-month returns are positive against a falling market backdrop.
- Portfolio positioning near its most conservative in our 28-year history.
- Likely we are only part-way through the technology sell-off based on historical patterns.

### Market Commentary

The Fund had a strong April, returning 4% (after fees and costs), which is especially pleasing given the very weak market backdrop, with the technology-heavy Nasdaq index extending its 2022 losses to over 20%.

It was no surprise to see bond yields rise rapidly and more heat come out of the speculative mania. The surprise to us though, is how long it has taken, having expressed concerns over a bifurcated market, wild speculation and the risks of inflation for some time.

Taking an alternate view to the crowd is uncomfortable. We strive to protect our investors' portfolios from permanent impairment of capital, but in a rampant bull market, staying the course can be challenging.

In December, we showed the expensive valuations ascribed to the 'big six' largest companies Apple, Amazon, Microsoft, Alphabet (Google parent), Tesla and Meta Platforms (formerly known as Facebook). By 30 April 2022, each was 14-48% below their respective 52-week highs (average 28%), with Netflix down 70%, yet on a simple earnings yield (see second table below) they are now more expensive relative to 'risk free' US Treasuries than before, reducing their investment appeal (Source: FactSet).

With an understanding from history that when bull markets end, markets tend to give back 50-85% of the preceding rise, we have one of the most cautious portfolio positionings in our history.

We remain excited by opportunities across decarbonisation, semiconductors, travel, Chinese consumers, and growth industrials. On the short side, we have sought to protect the portfolio with a range of positions on stocks that have alarming fundamentals and/or valuations, many of which are in the technology and consumer areas.

### Performance Analysis\*

The last six months is a good reminder of why we do what we do. As markets sold off by 7%, we delivered a positive return. This was due to our short positions adding over 6% to returns. This more than offset any falls on the long side in challenging markets. That return from the short positions arose from an average weighting of only 23% of our assets, implying that companies we were short fell on average by more than 25% over the six-month period to 30 April. On the long side, three stand out contributors were China Overseas Land & Investment (Property) and materials companies Glencore and Mosaic (US fertiliser company).

### Valuation

The portfolio's aggregate valuation metrics are attractive in both an absolute sense and relative to the market, with a 51% higher starting earnings yield and a 40% discount on an asset basis (see table below).

Metric	Platinum International Fund	MSCI AC World Net Index (A\$)
NTM Earnings Yield	9.8% (Price-to-Earnings ratio of 10.2x)	6.5% (Price-to-Earnings ratio of 15.4x)
NTM Dividend Yield	3.2%	2.7%
Price-to-Book Ratio	1.5x	2.5x
Enterprise Value-to-Sales	1.4x	1.8x

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. As at 30 April 2022. NTM = next twelve months.

In December, we compared the long portfolio with global markets, the 'big six' listed above, and US 10-year bond yields. Increasing yields mean more attractive valuations all round, but the rate of change is informative. The portfolio yield has risen the most, which is encouraging, followed by bonds, meaning that broad global markets and particularly the 'big six' have become relatively dearer.

Asset	NTM Earnings Yield (31-12-2021)	NTM Earnings Yield (30-4-2022)	Increase in NTM Earnings Yield
Platinum International Fund (Longs)	7.8%	9.8%	+2.0%
MSCI AC World Net Index (A\$)	5.5%	6.5%	+1.0%
'Big six' stocks	2.8%	3.6%	+0.8%
US 10-year Treasury	1.5%	2.9%	+1.4%

Source: 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. As at 30 April 2022.

\*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.**