

11 October 2024

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

**Platinum Capital Limited (ASX: PMC)  
Revised post-tax NTA for month-ended 31 August 2024**

Please note that an error has been identified in relation to the post-tax NTA reported in the Company's Monthly Investment Update and NTA Report for the month ended 31 August 2024 and released to the market on 9 September 2024 (**Report**). The post-tax NTA was incorrectly stated in the Report on a cum-dividend basis as \$1.4961, when it should have been stated on ex-dividend basis as \$1.4661.

The Report has been reissued with the correct post-tax NTA and is attached.

For more information in relation to PMC, please refer to the website at:  
[www.platinumcapital.com.au](http://www.platinumcapital.com.au)

*Authorised by*

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## FACTS<sup>1</sup>

Market capitalisation	\$412.13 mn
Listing date	29 June 1994
Current share price	\$1.395
Current dividend yield	4.30%
Pre-tax NTA	\$1.4793
Post-tax NTA	\$1.4661
Maximum franked dividend	3.71 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>	(4.4)	(3.4)	(0.5)	2.1	(0.2)	8.2	2.7	5.3	5.3	6.9	10.8
<b>MSCI %</b>	(1.3)	4.4	6.1	16.6	17.8	19.2	8.4	12.0	12.7	12.3	8.0

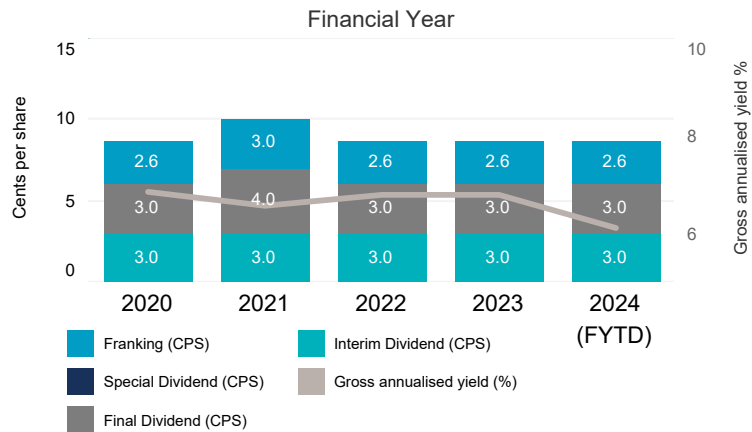
PMC's returns are calculated after the deduction of fees and expenses, adjusted for taxes paid and any capital flows and assume the reinvestment of dividends. PMC's returns have not been calculated using PMC's share price. Past performance is not a reliable indicator of future returns.

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

	LONG %	SHORT %	NET %	CCY %
<b>Asia-Pacific</b>	38.3		38.3	49.4
Australia				1.3
China	19.3		19.3	19.3
Japan	6.4		6.4	16.2
Macao	1.5		1.5	1.5
South Korea	7.0		7.0	7.0
Taiwan	4.0		4.0	4.0
<b>Europe</b>	25.5	(0.5)	25.0	28.6
Austria	1.5		1.5	
Denmark	1.7		1.7	1.7
Euro				12.6
Finland	2.5		2.5	
France	2.1		2.1	
Italy	1.0		1.0	
Netherlands	1.5		1.5	
Switzerland	3.6	(0.5)	3.1	3.6
United Kingdom	10.7		10.7	10.7
Other Europe	0.9		0.9	
<b>North America</b>	23.3	(11.9)	11.5	21.4
Canada	3.2		3.2	3.2
United States of America	20.1	(11.9)	8.3	18.2
<b>Other</b>	0.6		0.6	0.6
<b>Sub-Total</b>	87.7	(12.4)	75.4	100.0
<b>Cash</b>	12.3	12.4	24.6	
<b>Total</b>	100.0		100.0	100.0

Long - 53 stocks, 2 other Short - 13 swaps, 1 index

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



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

STOCK	COUNTRY	INDUSTRY	%
Samsung Electronics Co	South Korea	Info Technology	4.6
ZTO Express Cayman Inc	China	Industrials	4.6
Taiwan Semiconductor	Taiwan	Info Technology	4.0
UBS Group AG	Switzerland	Financials	3.6
Tencent Holdings Ltd	China	Comm Services	3.4
Allfunds Group Plc	UK	Financials	3.3
TransUnion	United States	Industrials	3.2
Minebea Co Ltd	Japan	Industrials	3.0
Intercontinental Exchange	United States	Financials	2.9
Alphabet Inc	United States	Comm Services	2.7
<b>Total</b>			<b>35.4</b>

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

SECTOR	LONG %	SHORT %	NET %
Financials	22.8	(0.5)	22.2
Information Technology	15.3	(1.5)	13.8
Industrials	16.8	(3.5)	13.3
Consumer Discretionary	9.0	(1.6)	7.4
Energy	6.2		6.2
Communication Services	6.1		6.1
Materials	4.6		4.6
Real Estate	3.0		3.0
Consumer Staples	2.6		2.6
Health Care	1.4		1.4
Other		(5.2)	(5.2)
<b>Sub-Total</b>	87.7	(12.4)	75.4
<b>Cash</b>	12.3	12.4	24.6
<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 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 -4.4% for August 2024.
- The portfolio increased its short book early in August and ended the month with shorts of 12.4% and a net invested position of 75.4%. The short book includes single stock shorts as well as a short position on the Russell 2000 index.

### Performance Analysis\*

The majority of the detractor in performance came from the portfolio's long book, detracting -3.7% over the month. The portfolio significantly increased its short book over August but this too detracted -0.4%.

August saw significant volatility in equity markets. In July, the US market worried that inflation would remain sticky and feared the Fed wouldn't cut rates as quickly as expected. Another weak CPI print was enough for the market to embrace the "inflation is dead" narrative and we saw a rotation towards small and mid-caps with the Russell 2000 up 13% in July.

Then on the 2<sup>nd</sup> August we had a confluence of events that awakened fears that "growth is also dead".

- The **Bank of Japan (BOJ)** raised interest rates from 0.1% to 0.25% - their highest point in 15 years. The BOJ also failed to rule out another hike this year and stressed its readiness to keep raising borrowing costs to levels deemed neutral to the economy. This jolted the Yen. It also saw investors reassess their carry trades (where they borrow in a currency where interest rates are low and then swap them for a currency where they can invest in higher-yielding assets).
- **Weak ISM Manufacturing index** (also known as the Purchasing Managers' Index). The July ISM Index was below expectations and at its lowest since November. This is a monthly survey of manufacturing purchasing managers. It is considered a key indicator of the state of the US economy.

Markets were also influenced by a soft non-farm payrolls (NFP) number in July, by a downward revision to the June NFP print and by unemployment rising to 4.25%. August also saw the tripping of the so-called Sahm rule. It compares the difference between the current three month moving average of the unemployment rate and its minimum three month moving average in the prior twelve months. If the difference is above 50bps, it signals a recession. It was at 53bps.

### **Rate cuts coming?**

In response to these signals, the S&P500 was off ~6% and Nikkei 225 down ~14% in the first week of August. However, the losses in equity markets had reversed by month end on increased optimism about rate cuts.

We believe the Fed will cut rates because the economy has slowed considerably. A slowing economy should negatively affect companies' earnings. This generally does not bode well for share prices.

During periods of significant market distress, the portfolio's history shows us that the unloved part of the market is typically sold first – after all, they're already disliked. This means that in the early stages of a market drawdown, the portfolio tends to perform in-line or worse than the market. However, while these unloved stocks tend to find a price floor first, it is the more popular and over-valued stocks that have greater share price falls over the longer term. It is through our ability to pick mispriced stocks and short the next stages of the drawdown that the portfolio typically protects clients' capital. This is what we're seeking to do now.

### An attractively valued portfolio

The portfolio's aggregate valuation metrics are attractive in both an absolute sense and relative to the market, with a ~66% higher earnings yield and a ~48% discount on a price to book basis (see table below).

Metric	Platinum Capital Limited	MSCI AC World Net Index (A\$)
NTM Earnings Yield	9.3% (Price-to-Earnings ratio of 10.7x)	5.6% (Price-to-Earnings ratio of 17.8x)
NTM Dividend Yield	2.6%	2.3%
NTM Enterprise Value-to-Sales	1.7x	2.5x
LTM Price-to-Book Ratio	1.5x	2.9x

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 August 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 portfolio's fees and costs (other than brokerage). **Past performance is not a reliable indicator of future returns.**