

FACTS¹

Market capitalisation	\$392.11 mn
Listing date	29 June 1994
Current share price	\$1.330
Current dividend yield	4.51%
Pre-tax NTA	\$1.5518
Post-tax NTA	\$1.5303
Maximum franked dividend	5.03 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.

PERFORMANCE²

	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.
Company % (Pre-tax NTA)	3.7	4.0	0.3	2.6	3.4	4.1	3.7	5.7	7.3	6.7	11.0
MSCI %	5.9	12.0	11.1	9.9	27.5	12.2	13.1	12.5	12.6	11.9	7.9

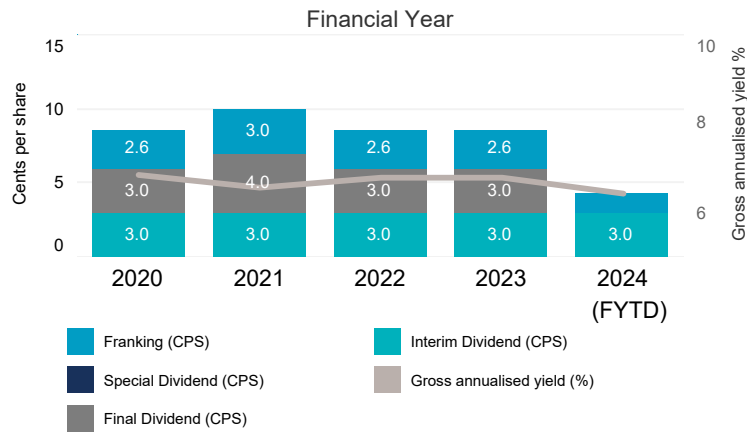
PMC's returns are calculated after the deduction of fees and expenses, adjusted for taxes paid and any capital flows and assume the reinvestment of dividends. PMC's returns have not been calculated using PMC's share price. Past performance is not a reliable indicator of future returns.

INVESTED POSITIONS⁴

	LONG %	SHORT %	NET %	CCY %
Asia-Pacific	37.6	(0.3)	37.3	57.1
Australia	1.8	(0.2)	1.6	2.8
China	18.8		18.8	18.8
Japan	8.7		8.7	27.1
South Korea	3.6	(0.1)	3.5	3.5
Taiwan	2.9		2.9	2.9
Other Asia-Pacific	1.8		1.8	1.9
Europe	26.3		26.3	27.2
Austria	1.4		1.4	
Euro				14.4
Finland	2.7		2.7	
France	6.1		6.1	
Italy	1.3		1.3	
Netherlands	1.6		1.6	
Switzerland	3.0		3.0	3.0
United Kingdom	8.5		8.5	9.5
Other Europe	1.6		1.6	0.3
North America	20.7	(4.5)	16.3	13.0
Canada	2.2		2.2	2.2
United States of America	18.5	(4.5)	14.0	10.7
Other	2.8		2.8	2.8
Sub-Total	87.4	(4.8)	82.6	100.0
Cash	12.6	4.8	17.4	
Total	100.0		100.0	100.0

Long - 119 stocks, 1 swap, 1 other Short - 17 swaps

HISTORY OF FULLY FRANKED DIVIDENDS (CPS)³



TOP TEN POSITIONS⁵

STOCK	COUNTRY	INDUSTRY	%
ZTO Express Cayman Inc	China	Industrials	3.6
Allfunds Group Plc	UK	Financials	3.4
UBS Group AG	Switzerland	Financials	3.0
Samsung Electronics Co	South Korea	Info Technology	2.9
Taiwan Semiconductor	Taiwan	Info Technology	2.9
UPM-Kymmene OYJ	Finland	Materials	2.7
Minebea Co Ltd	Japan	Industrials	2.4
Airbus SE	France	Industrials	2.4
Trip.com Group Ltd	China	Cons Discretionary	2.3
TransUnion	United States	Industrials	2.3
Total			27.8

INDUSTRY BREAKDOWN⁴

SECTOR	LONG %	SHORT %	NET %
Financials	16.9	(0.3)	16.6
Industrials	17.6	(1.1)	16.5
Information Technology	14.1	(1.8)	12.3
Consumer Discretionary	12.1	(1.3)	10.8
Materials	8.0	(0.1)	7.9
Energy	6.1		6.1
Communication Services	4.1	(0.2)	3.9
Real Estate	3.0		3.0
Health Care	2.9		2.9
Consumer Staples	2.4		2.4
Utilities	0.2		0.2
Sub-Total	87.4	(4.8)	82.6
Cash	12.6	4.8	17.4
Total	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

Performance Analysis*

The portfolio returned +3.7% for February 2024, bringing the rolling 12 month return to +3.4% net of fees. Fuelled once again by large cap US tech stocks, the MSCI AC World Index (AUD) returned +5.9% for February.

Is now the right time to increase exposure to US large cap tech?

The US large cap tech segment was broadly higher for the month, helped by a 28% rise from NVIDIA, +25% from Meta (Facebook's parent) and a 13% gain from Amazon. NVIDIA's 4Q results were ahead of consensus on a revenue and earnings basis and it also upgraded guidance. Meta's guidance was the bright spot of its 4Q results with the focus on AI tailwinds and a capital return (a US\$50bn buyback and its first dividend).

Amazon's result was ahead of consensus, driven by a reaccelerating AWS, expanding retail margins and ad growth. While NVIDIA, Meta and Amazon experienced stellar gains, the remaining Magnificent Seven stocks fared less well. Apple was up just 2% in February due to underwhelming guidance and a market focus on increased competition. Shares in Alphabet (Google's parent), Tesla and Microsoft have all declined since the end of February.

The graph below compares IT stock performance to the S&P500 and shows it exceeding the highs seen in the Tech bubble. We believe increasing exposure to these stocks now is risky given economic uncertainty and high earnings expectations. We have already seen expectations of US interest rate cuts pushed out from March to June 2024.

Figure 1: Ratio of S&P500 IT sector vs. S&P500 (monthly total return from 29 Sep 1989 to 26 Feb 2024)



Source: Bloomberg, indexed to 100 from 29 September 1989

Platinum is positioned differently

The portfolio is positioned very differently to the MSCI AC World Index and provides a hedge to the US large cap tech concentration discussed above. Top contributors to performance in February included Chinese parcel delivery business ZTO Express and travel company Trip.com. ZTO Express is the largest and lowest-cost parcel delivery business in China, delivering around 30 billion parcels a year (more than the whole of the US). The company is growing at 20-30% p.a. and is trading on a 2024 PE of 12x. Trip.com has benefited from the end of COVID lockdowns in China with domestic travel now exceeding 2019 levels. It also has a half share in India's biggest online travel business. We expect earnings to grow in the high teens as international travel opens up. Trip is trading on a 2024 PE of 17x.

An attractively valued portfolio

The portfolio's aggregate valuation metrics are attractive in both an absolute sense and relative to the market, with a ~51% higher earnings yield and a ~46% discount on an asset basis (see table below).

Metric	Platinum Capital Limited	MSCI AC World Net Index (A\$)
NTM Earnings Yield	8.6% (Price-to-Earnings ratio of 11.6x)	5.7% (Price-to-Earnings ratio of 17.4x)
NTM Dividend Yield	2.9%	2.5%
NTM Enterprise Value-to-Sales	1.4x	2.3x
LTM Price-to-Book Ratio	1.5x	2.8x

The valuations in the table have been calculated by Platinum and 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 29 February 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.**