

FACTS

Portfolio value	\$6.75 bn
Fund commenced	30 April 1995
Minimum investment	A\$10,000 or NZ\$10,000
Regular Investment Plan (min.)	A/NZ\$5,000 plus A/NZ\$200 mth/qtr
Income distribution date	Annual, 30 June
Unit valuation	Sydney Business Day
Unit prices C Class	App - 1.7859 Red - 1.7805
Unit prices P Class	App - 0.8446 Red - 0.8420

PERFORMANCE¹

	C Class %	P Class %	MSCI %
1 month	(0.3)	(0.2)	(2.0)
3 months	(3.8)	(3.8)	(1.3)
6 months	(5.4)	(5.3)	(6.0)
Calendar year to date	(6.5)	(6.4)	(12.8)
1 year	(6.8)	(6.6)	(10.3)
2 years (compound pa)	7.3	7.5	8.0
3 years (compound pa)	3.8	4.1	7.4
5 years (compound pa)	4.6	4.6	10.1
7 years (compound pa)	5.9		8.9
10 years (compound pa)	11.0		13.3
Since inception (compound pa)	11.3	5.0	7.1

INVESTED POSITIONS³

	LONG %	SHORT %	NET %	CCY %
Asia-Pacific	36.6	(4.2)	32.5	45.6
Australia	1.9	(1.9)		4.3
China	19.1		19.1	20.1
Hong Kong				1.3
Taiwan	0.1		0.1	0.1
India	2.4		2.4	2.4
Israel		(0.2)	(0.2)	(0.2)
Japan	8.6	(1.9)	6.7	13.1
Kazakhstan	0.3		0.3	0.3
New Zealand		(0.1)	(0.1)	(0.1)
South Korea	4.2		4.2	4.2
Europe	25.4	(1.2)	24.3	28.6
Austria	2.1		2.1	
Belgium	0.1		0.1	
Denmark		(0.4)	(0.3)	
Finland	2.9		2.9	
France	3.6		3.6	
Germany	3.7	(0.3)	3.3	
Ireland	0.8		0.8	
Italy	2.5		2.5	
Netherlands	2.5		2.5	
Other Europe		(0.4)	(0.4)	
Spain		(0.1)	(0.1)	
Switzerland	0.9		0.9	0.9
United Kingdom	6.2		6.2	8.8
Euro				18.7
North America	19.3	(10.5)	8.7	23.9
Canada	2.7		2.7	2.7
United States of America	16.6	(10.5)	6.0	21.1
Other	2.0		2.0	2.0
Sub-Total	83.4	(15.9)	67.5	100.0
Cash	16.6	15.9	32.5	
Total	100.0		100.0	100.0

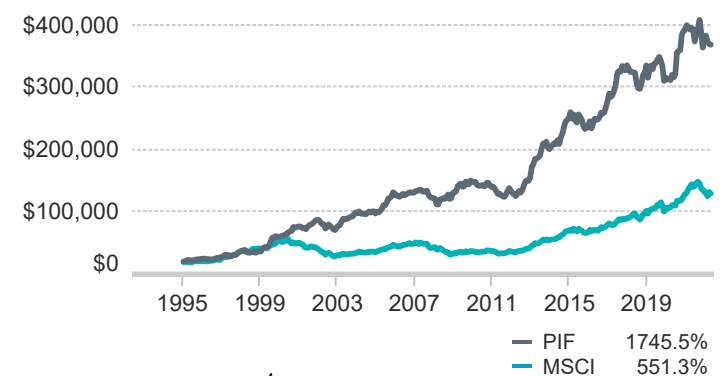
Long - 117 stocks, 2 swaps, 1 option, 2 other Short - 35 swaps, 3 indices

FEES

Entry fee	Nil
Buy/sell spread	0.15%/0.15%
C Class	Investment management 1.35% p.a. Investment performance N/A
P Class	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 POSITIONS⁴

STOCK	COUNTRY	INDUSTRY	%
ZTO Express Cayman Inc	China	Industrials	3.6
Microchip Technology Inc	United States	Info Technology	3.2
UPM-Kymmene OYJ	Finland	Materials	2.9
Ping An Insurance Group	China	Financials	2.8
Minebea Co Ltd	Japan	Industrials	2.7
InterGlobe Aviation Ltd	India	Industrials	2.4
Beazley PLC	UK	Financials	2.3
Shell PLC	Netherlands	Energy	2.3
Samsung Electronics Co	South Korea	Info Technology	2.2
Trip.com Group Ltd	China	Cons Discretionary	2.1
Total			26.6

INDUSTRY BREAKDOWN³

SECTOR	LONG %	SHORT %	NET %
Industrials	18.6	(2.0)	16.5
Financials	14.4	(1.5)	12.8
Materials	12.3		12.3
Consumer Discretionary	12.1	(3.0)	9.1
Energy	5.8		5.8
Information Technology	10.1	(4.3)	5.8
Health Care	3.4		3.4
Communication Services	3.8	(1.1)	2.6
Real Estate	2.5		2.5
Consumer Staples	0.4	(0.2)	0.2
Other		(3.6)	(3.6)

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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) for C Class and P Class (as indicated), and represent the combined income and capital returns for each of these unit classes in the specified period. All returns are pre-tax, net of fees and costs and assume the reinvestment of distributions. Returns for P Class are net of any accrued investment performance fee. The returns are calculated relative to the MSCI All Country World Net Index in A\$ (the gross MSCI Index was used prior to 31/12/98). Since inception date for C Class is 30/04/95 and for P Class is 03/07/17. Since inception date of C Class has been used for the purposes of calculating since inception returns of the index. The investment returns depicted in the graph are cumulative on A\$20,000 invested in C Class units in the Fund since the C Class inception date. **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 the Fund's portfolio. The "Currency %" is the effective currency exposure as a percentage of the market value of the Fund's 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 the Fund's top ten securities positions as a percentage of the market value of the Fund's portfolio (including long securities and long securities derivative positions).

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MARKET UPDATE AND COMMENTARY

- An almost flat month for the portfolio against a backdrop of softer markets.*
- For the calendar year to date, shorts have continued to provide considerable cushioning in weak markets.
- Looking forward, there are exciting opportunities on the long side, but we expect further broad market weakness.
- Management of risk is paramount as we expect more volatile times ahead in markets.

Market Commentary

The Northern Hemisphere summer bear market rally reversed course over August as the US Federal Reserve (Fed) maintained its resolve to fight inflation despite a market hoping for a 'Fed pivot' to a softer stance on future interest rate rises. Bond yields rose, and the major US equity indices gave back around half of their July bounce. As noted last month, it is important to stress that bear market rallies are normal. Hence, at this stage, we don't believe that we are entering a new bull market.

Geopolitics were front and centre with the Speaker of the United States House of Representatives, Nancy Pelosi, visiting Taiwan, prompting China to announce missile tests and military drills. Gas flows from Russia to Europe also slowed, causing spikes in energy prices. The inflationary impact prompted the Bank of England to issue a very dire outlook for economic growth, with a "significant deterioration" in activity expected, while UK inflation hit a new 40-year high of 10.1% (Source: FactSet). Elsewhere, China stepped up efforts to stabilise its property sector by unexpectedly cutting its key lending rate. The fact that China is stimulating while the US is tightening monetary conditions should not go unnoticed.

There are two aspects to bear markets: a reduction in valuations, which is what we have seen to some extent so far, albeit only in line with changes in bond yields; and a reduction in the earnings outlook. There are not many signs of the latter happening on a broad scale yet. Applying rules of thumb based on historic bull and bear markets, we would not be surprised to see further weakness, so remain cautious and alert to the rapidly changing backdrop.

In recent weeks, we reduced our net exposure to 68% by adding short positions. This weighting is a touch lower than our long-term average, and all else being equal, we would expect to continue to add to short positions (i.e. reduce net exposure) if the markets move higher from current levels.

We remain excited by opportunities across carbon transition, semiconductors, travel, Chinese consumers, European financials, and growth industrials. On the short side, we continue to protect the portfolio with positions in stocks that, in our view, have alarming fundamentals and/or valuations, most of which are in the technology and consumer areas.

Performance Analysis**

The portfolio has benefited from its broad tool kit during this year's market sell-off, with shorts contributing 7% to returns, providing considerable cushioning. These were skewed towards the "growthier" end of the market, which had been hot for some time leading into late 2021. The broad de-rating of equities, coincident with rising bond yields, meant the long side of the portfolio was not immune to the market sell-off. This is consistent with our experience in the two large bear markets of 2000-03 and 2007-09. On the positive side, within the long portfolio, the top contributors for the calendar year to date include Mosaic (fertiliser), Glencore (mining, commodities trading), China Overseas Land & Investment (Chinese property), Beazley (specialist insurer) and Saras (Italian oil refiner).

Valuation

The portfolio's aggregate valuation metrics are attractive in both an absolute sense and relative to the market, with a 49% 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	10.1% (Price-to-Earnings ratio of 9.9x)	6.8% (Price-to-Earnings ratio of 14.6x)
NTM Dividend Yield	3.4%	2.8%
Price-to-Book Ratio	1.5x	2.5x
Enterprise Value-to-Sales	1.4x	1.7x

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 31 August 2022. NTM = next twelve months.

*Market returns throughout this report refer to the MSCI AC World Net Index in A\$. Source: FactSet.

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.