

FACTS

Portfolio value	\$7.14 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/qlr
Income distribution date	Annual, 30 June
Unit valuation	Sydney Business Day
Unit prices C Class	App - 1.9692 Red - 1.9633
Unit prices P Class	App - 0.9321 Red - 0.9293

PERFORMANCE¹

	C Class %	P Class %	MSCI %
1 month	0.9	0.9	(5.1)
3 months	10.4	10.5	4.1
6 months	9.0	9.1	3.7
Calendar year to date	3.1	3.3	(12.5)
1 year	3.1	3.3	(12.5)
2 years (compound pa)	6.5	6.8	4.9
3 years (compound pa)	5.2	5.5	5.3
5 years (compound pa)	4.6	4.8	8.3
7 years (compound pa)	7.3		9.2
10 years (compound pa)	11.0		12.7
Since inception (compound pa)	11.5	6.6	7.0

INVESTED POSITIONS³

	LONG %	SHORT %	NET %	CCY %
Asia-Pacific	36.6	(3.9)	32.7	49.8
Australia	1.9	(1.9)		2.3
China	20.0		20.0	21.0
Hong Kong	0.1		0.1	0.8
Taiwan	0.1		0.1	0.1
India	2.2		2.2	2.2
Japan	8.1	(1.9)	6.1	20.7
Kazakhstan	0.3		0.3	0.3
New Zealand		(0.1)	(0.1)	(0.1)
South Korea	4.0		4.0	4.0
China Renminbi Offshore				(1.5)
Europe	26.3	(0.1)	26.1	30.6
Austria	2.7		2.7	
Belgium	0.1		0.1	
Denmark	0.1	(0.1)	(0.1)	0.1
Finland	3.0		3.0	
France	3.2		3.2	
Germany	4.0		4.0	
Ireland	0.7		0.7	
Italy	2.4		2.4	
Monaco	0.6		0.6	
Netherlands	2.5		2.5	
Sweden	0.1		0.1	0.1
Switzerland	0.8		0.8	0.8
United Kingdom	6.1		6.1	9.6
Euro				20.0
North America	15.7	(12.9)	2.8	17.8
Canada	1.8		1.8	2.3
United States of America	13.9	(12.9)	1.0	15.5
Other	1.8		1.8	1.8
Sub-Total	80.4	(17.0)	63.4	100.0
Cash	19.6	17.0	36.6	
Total	100.0		100.0	100.0

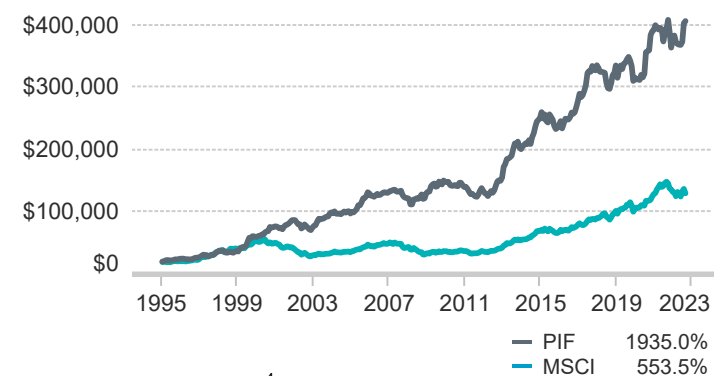
Long - 125 stocks, 2 swaps, 1 option, 2 other Short - 33 swaps, 2 indices

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	3.9
UPM-Kymmene OYJ	Finland	Materials	3.0
Ping An Insurance Group	China	Financials	2.9
Microchip Technology Inc	United States	Info Technology	2.7
Minebea Co Ltd	Japan	Industrials	2.4
Tencent Holdings Ltd	China	Comm Services	2.4
Intesa Sanpaolo SpA	Italy	Financials	2.3
InterGlobe Aviation Ltd	India	Industrials	2.2
Shell PLC	Netherlands	Energy	2.2
Beazley PLC	UK	Financials	2.2
Total			26.2

INDUSTRY BREAKDOWN³

SECTOR	LONG %	SHORT %	NET %
Industrials	17.4	(1.6)	15.8
Financials	15.3	(1.3)	14.1
Materials	9.5		9.5
Consumer Discretionary	11.6	(3.5)	8.1
Energy	6.5		6.5
Health Care	3.8		3.8
Information Technology	9.1	(5.3)	3.8
Communication Services	4.0	(0.8)	3.2
Real Estate	2.5		2.5
Consumer Staples	0.5	(0.5)	0.1
Other		(4.0)	(4.0)

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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 long 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

- The Fund rose 1% for the month and ended the year up 3%.
- Shorts continued to provide considerable cushioning in weak markets*.
- Looking forward, there are exciting opportunities on the long side, but we remain wary of further market weakness.

Market Commentary

The Fund continued to add to its solid November performance in December, posting a respectable 3% gain for the year. This was a significant outperformance of the benchmark for the year, as we were able to utilise our risk mitigation tools to protect capital as markets fell. Investors can easily forget how important preserving capital is during a bull market. Our positioning paid dividends in 2022, as the easy-money bull market continued to deflate.

December saw the US Federal Reserve (Fed), the European Central Bank (ECB) and the Bank of England (BoE) all hike rates by 50 basis points - marking a slowing in the pace of tightening. We continue to think rate cuts are a long way off, considering that inflation remains stubbornly high. Chinese markets bounced on continued stimulus announcements and an easing in COVID restrictions in response to the civil unrest in November. We continue to believe that China is a much under-owned and unloved stock market, and we remain confident in the Chinese businesses we hold. China remains in a different part of its economic cycle from economies in the West, and the government is taking clear steps to stimulate the economy, particularly the property sector.

The US S&P 500 index finished the year down 19%. Although the November consumer price index was lower in the month, we saw further evidence of a more sombre outlook for the economy: major bank CEO outlook commentaries were weak, some speculative business models are being priced for bankruptcy, and at least one major private asset manager has imposed limits on investor redemptions. These actions may signal that the market is now pricing in a more realistic outlook for the economy and asset prices.

History now shows we had an extraordinary speculative bull market in the US that was driven by a massive amount of monetary and fiscal stimulus. We expect a long and volatile bear market to continue in 2023 with similar losses to other major cycles. We see a very difficult period ahead for corporate profits and earnings. With funding markets tighter, many business models that are reliant on easy money are now compromised, and there are several opportunities to continue to short.

Our net exposure is broadly unchanged from last month at 63%. We continue to buy stocks that we think offer good value, but also hold more cash than we have historically, as we are cognisant of likely opportunities ahead. We remain excited by opportunities across decarbonisation, semiconductors, travel, Chinese consumers, financials, and growth industrials. Our short book remains dynamic and aims to protect capital. The composition of the short portfolio has changed over the past quarter, with less emphasis on highly valued growth names and more on COVID beneficiaries (e.g. retailers, e-commerce) that we expect will have weak earnings outcomes in the year ahead, as well as some of the more dubious and overvalued "energy transition" related companies.

Performance Analysis**

The portfolio has benefited from its broad tool kit during this year's market sell-off, with shorts contributing 11% to returns for the year, providing considerable cushioning. These were skewed towards expensive growth stocks, 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 -12% calendar year 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 year included Beazley (specialist insurer), Trip.com (Chinese online travel agent), Glencore (mining, commodities trading), Mosaic (fertiliser), China Overseas Land & Investment (residential property developer), and Shell (energy).

Valuation

The portfolio's aggregate valuation metrics are attractive in both an absolute sense and relative to the market, with a 43% higher starting 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	9.7% (Price-to-Earnings ratio of 10.3x)	6.8% (Price-to-Earnings ratio of 14.6x)
NTM Dividend Yield	3.4%	2.8%
NTM Enterprise Value-to-Sales	1.2x	1.5x
LTM Price-to-Book Ratio	1.4x	2.3x

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 December 2022. NTM = next twelve months. LTM = last 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.