

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



MONTHLY REPORT 31 March 2023

FACTS

Portfolio value	\$343.81 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)	\$5.0364

PERFORMANCE¹

	Fund %	MSCI %
1 month	1.4	3.8
3 months	5.5	8.7
6 months	16.5	13.1
Calendar year to date	5.5	8.7
1 year	18.0	3.8
2 years (compound pa)	5.1	6.3
3 years (compound pa)	11.6	11.9
5 years (compound pa)	5.9	9.9
Since inception (compound pa)	7.0	10.8

INVESTED POSITIONS OF PLATINUM INTERNATIONAL FUND³

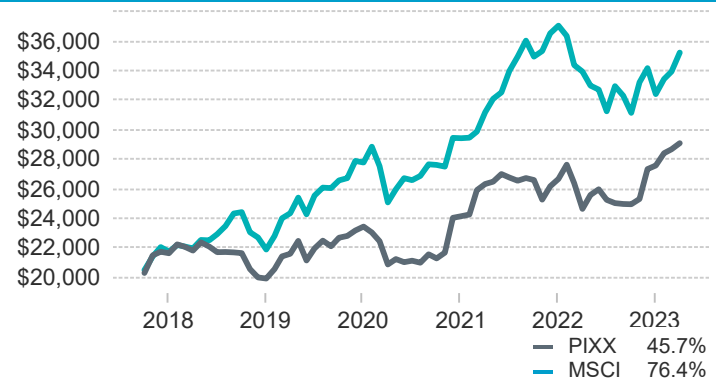
	LONG %	SHORT %	NET %	CCY %
Asia-Pacific	37.1	(2.9)	34.2	51.7
Australia	1.6	(0.9)	0.7	1.8
China	20.0		20.0	22.5
Hong Kong	0.1		0.1	0.5
Taiwan	0.2		0.2	0.2
India	2.0		2.0	2.0
Japan	8.4	(1.8)	6.6	20.9
Kazakhstan	0.3		0.3	0.3
New Zealand		(0.2)	(0.2)	(0.2)
South Korea	4.6		4.6	4.6
China Renminbi Offshore				(1.0)
Europe	26.4	(0.3)	26.1	31.2
Austria	2.1		2.1	
Belgium	0.1		0.1	
Denmark	0.1	(0.1)		0.1
Finland	2.6		2.6	
France	3.2	(0.1)	3.1	
Germany	3.2		3.2	
Ireland	0.8		0.8	
Italy	2.1		2.1	
Monaco	0.7		0.7	
Netherlands	2.4		2.4	
Norway	0.3		0.3	0.3
Sweden	0.1	(0.1)		
Switzerland	1.3	(0.1)	1.3	1.3
United Kingdom	7.4		7.4	11.0
Euro				18.5
North America	18.9	(10.3)	8.6	15.4
Canada	1.8		1.8	2.3
United States of America	17.0	(10.3)	6.7	13.1
Other	1.6		1.6	1.6
Sub-Total	84.0	(13.6)	70.5	100.0
Cash	16.0	13.6	29.5	
Total	100.0		100.0	100.0

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 GRAPH²



TOP TEN POSITIONS OF PLATINUM INTERNATIONAL FUND⁴

STOCK	COUNTRY	INDUSTRY	%
ZTO Express Cayman Inc	China	Industrials	3.9
Minebea Co Ltd	Japan	Industrials	3.3
Microchip Technology Inc	United States	Info Technology	3.2
Ping An Insurance Group	China	Financials	2.7
UPM-Kymmene OYJ	Finland	Materials	2.6
Allfunds Group Plc	UK	Financials	2.6
Samsung Electronics Co	South Korea	Info Technology	2.3
Weichai Power Co Ltd	China	Industrials	2.3
LG Chem Ltd	South Korea	Materials	2.3
Airbus SE	France	Industrials	2.1
Total			27.3

INDUSTRY BREAKDOWN OF PLATINUM INTERNATIONAL FUND³

SECTOR	LONG %	SHORT %	NET %
Industrials	21.4	(2.6)	18.8
Financials	16.6	(1.0)	15.6
Information Technology	10.7	(2.0)	8.8
Materials	8.4		8.4
Energy	7.6		7.6
Consumer Discretionary	8.7	(3.9)	4.8
Health Care	3.9		3.9
Communication Services	3.6	(0.6)	3.0
Real Estate	2.4	(0.5)	1.9
Utilities	0.1		0.1
Consumer Staples	0.5	(0.5)	0.0
Other		(2.5)	(2.5)

Long - 129 stocks, 4 swaps, 1 option, 2 other Short - 35 swaps

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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.

- The Fund rose 1.4% for the month. This brings the one-year return to a solid 17.7% vs. the market's* 3.8% return.
- The net invested position remains near historical averages.
- Looking forward, there are exciting opportunities on the long side, but we remain wary of further market weakness.

Market Commentary

It was an extraordinary month in markets as the real effects of one of the fastest rate tightening cycles in US history were acutely felt. As mentioned last October, in bear markets, we often find corners of the market coming unstuck. The collapse of Silicon Valley Bank drew attention to the liquidity mismatching of the last few years as participants reached further out for a return on capital. This was a classic, but digital, bank run that sent markets into a panic. The volatility seen in bonds was unprecedented, with US 2-year Treasuries having their largest two-day move since the 1987 crash. Within a few days, the market had aggressively shifted its expectations of the Federal Reserve, from three *hikes* to three *cuts* by October 2023. With emergency liquidity being added to the system (five months of quantitative tightening were erased in two weeks), on top of rate cut expectations being rapidly pulled forward, the market unsurprisingly again sought out the perceived safe haven of long-duration technology stocks (for context, Apple and Microsoft now account for ~13% of the S&P500, which is the highest weighting of two stocks since the late 1970s). In fact, global 'growth' stocks had their best monthly performance vs. their 'value' counterparts since 1975. The NASDAQ and S&P are both now up 16.8% and 7.0%, respectively, in local currency terms for the calendar year to date.

The Fund did not have exposure to any regional US banks or Credit Suisse. The Fund does have exposure to a number of European financials, which were a drag on performance over the month due to overall fragility concerns in the financial sector more broadly. In our view, European financials have had a much stricter regulatory framework and are better placed than their US peers. We have been adding to this group during the month as their stocks were sold off.

Our Chinese positions added 1.4% for the month. Alibaba and JD.com announced restructuring plans. Alibaba co-founder Jack Ma returned to China, and the new Premier Li Qiang met with Tencent's CEO as tensions between the regulator and large technology companies continued to thaw. We continue to believe that China is a much-unloved stock market, and we remain confident in the Chinese businesses we hold. China is 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.

We believe such acute events and volatility as seen this month will continue to be felt as the decades-long easy money regime normalises. Understanding where the leverage and debt lie will be key. We expect much more divergent markets over the course of 2023, as a complex and uncertain environment creates mispricing in equities. We think this is a great market for active, 'true' investors.

Our net exposure remains at around 71%. We continue to buy stocks that we think offer good value and 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 continues to have less emphasis on highly valued growth names and more on COVID beneficiaries (e.g. retailers, e-commerce, logistics) that we expect will have weak earnings outcomes in the year ahead.

Performance Analysis**

For the quarter, our long positions contributed +7.5% (+8.4% over the year) to the Fund's return. Our short positions cost -1.8% for the quarter (+8.8% over one year). The Fund's quarterly return was driven by a broad array of long positions, with our semiconductor companies being the standouts (Microchip, Infineon Technologies and Micron). Asian industrial names were also solid contributors (MinebeaMitsumi, Weichai Power and ZTO Express).

Valuation

The portfolio's aggregate valuation metrics are attractive in both an absolute sense and relative to the market, with a 35% higher starting earnings yield and a 36% discount on an asset basis (see table below).

Metric	Platinum International Fund	MSCI AC World Net Index (A\$)
NTM Earnings Yield	8.8% (Price-to-Earnings ratio of 11.3x)	6.5% (Price-to-Earnings ratio of 15.4x)
NTM Dividend Yield	3.2%	2.8%
NTM Enterprise Value-to-Sales	1.3x	1.6x
LTM Price-to-Book Ratio	1.6x	2.5x

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 March 2023. 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.