

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



MONTHLY REPORT 30 September 2023

FACTS

Portfolio value	\$308.45 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)	\$4.6803

PERFORMANCE¹

	Fund %	MSCI %
1 month	(2.6)	(3.8)
3 months	(0.2)	(0.4)
6 months	(1.0)	6.4
Calendar year to date	4.5	15.6
1 year	15.4	20.3
2 years (compound pa)	4.1	3.6
3 years (compound pa)	10.6	10.7
5 years (compound pa)	5.9	8.9
Since inception (compound pa)	6.3	11.0

INVESTED POSITIONS OF PLATINUM INTERNATIONAL FUND³

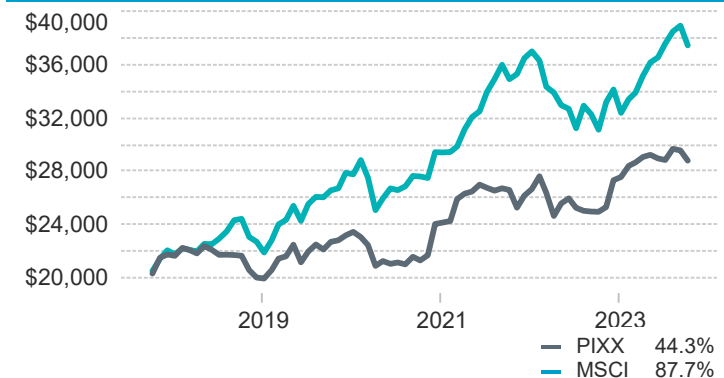
	LONG %	SHORT %	NET %	CCY %
Asia-Pacific	42.2	(0.6)	41.6	44.6
Australia	2.4	(0.2)	2.3	2.5
China	21.5		21.5	22.9
Taiwan	1.5		1.5	1.6
India	2.4		2.4	2.4
Japan	9.0	(0.3)	8.7	9.5
South Korea	4.0	(0.2)	3.8	3.8
Other Asia-Pacific	1.4		1.4	2.0
Europe	21.9	(1.9)	20.0	25.6
Finland	3.0		3.0	
France	3.2		3.2	
Germany	2.3	(1.2)	1.0	
Switzerland	3.7		3.7	3.8
United Kingdom	6.9		6.9	9.1
Euro				12.5
Other Europe	2.8	(0.7)	2.2	0.3
North America	19.1	(17.5)	1.6	26.6
Canada	1.9		1.9	2.6
United States of America	17.2	(17.5)	(0.3)	24.0
Other	3.1		3.1	3.1
Sub-Total	86.2	(20.1)	66.2	100.0
Cash	13.8	20.1	33.8	
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	3.5
Microchip Technology Inc	United States	Info Technology	3.2
UPM-Kymmene OYJ	Finland	Materials	3.0
Minebea Co Ltd	Japan	Industrials	2.9
Ping An Insurance Group	China	Financials	2.8
Samsung Electronics Co	South Korea	Info Technology	2.7
UBS Group AG	Switzerland	Financials	2.7
Allfunds Group Plc	UK	Financials	2.7
Suzano SA	Brazil	Materials	2.5
InterGlobe Aviation Ltd	India	Industrials	2.4
Total			28.2

INDUSTRY BREAKDOWN OF PLATINUM INTERNATIONAL FUND³

SECTOR	LONG %	SHORT %	NET %
Industrials	20.7	(2.4)	18.3
Financials	16.1	(1.0)	15.1
Materials	10.1	(0.3)	9.8
Information Technology	11.8	(3.3)	8.5
Consumer Discretionary	9.8	(2.4)	7.3
Energy	6.5		6.5
Health Care	3.5		3.5
Real Estate	3.4		3.4
Communication Services	3.6	(0.8)	2.7
Consumer Staples	0.4		0.4
Utilities	0.3		0.3
Other		(9.7)	(9.7)

Long - 127 stocks, 2 swaps, 1 option, 2 other Short - 37 swaps, 5 indices

Platinum Investment Management Limited ABN 25 063 565 006 AFSL 221935, trading as Platinum Asset Management ("Platinum") is the responsible entity of the Platinum International Fund (Quoted Managed Hedge Fund) (the "Fund"). The Fund's latest Product Disclosure Statement (the "PDS") provides details about the Fund. You can obtain a copy of the PDS from Platinum's website www.platinum.com.au, or by contacting Investor Services on 1300 726 700 (Australian investors only), or 0800 700 726 (New Zealand investors only), or 02 9255 7500, or via invest@platinum.com.au. The Fund's target market determination is available at www.platinum.com.au/Investing-with-Us/New-Investors. This information is general in nature and does not take into account your specific needs or circumstances. You should consider your own financial position, objectives and requirements and seek professional financial advice before making any financial decisions. Numerical figures have been subject to rounding. Platinum does not guarantee the performance of the Fund, the repayment of capital or the payment of income. The market commentary reflects Platinum's views and beliefs at the time of preparation, which are subject to change without notice. No representations or warranties are made by Platinum as to their accuracy or reliability. To the extent permitted by law, no liability is accepted by Platinum for any loss or damage as a result of any reliance on this information.

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 returned -2.6% for the month. This brings the one-year return to a solid 15% and 4.2% for the year to date.
- At the end of the quarter the Fund was 86.1% long and the short book increased to 20.1%.
- Given the risks around the US economy and high starting valuations, we have reduced our long exposure to the US.

Market Commentary

The S&P500 (down around 5% for September) suffered its biggest pullback since last December while the Nasdaq (-5.8% for September) saw its first back to back monthly decline in a year. The market's weakness reflected the hawkish takeaways from the Fed's "higher-for-longer" stance due to resilient macro data, a jump in energy prices, reduced disinflation momentum, supply pressures and deficit concerns (Factset). Platinum has been cautious on the US for some time due to high starting valuations and risks around the economy. We fail to see how the fastest rise in interest rates in recorded history could not have a negative impact on the economy and company earnings. We don't think this risk is being priced in given the S&P500 is one of the most expensive markets in the world at an ~18.7x 1 year forward PE for ~8.3% forecast EPS growth (Factset and Credit Suisse). By comparison, China's Shanghai A share index is trading on a 1 year forward PE of ~9.2x for ~22.7% forecast EPS growth (Factset and Credit Suisse). In September the Fund averaged 17.2% of its long book in US stocks (down from 20.2% in August) and we increased US shorts from 10.3% in August to 17.5%.

European equity markets also ended lower in September, with the Stoxx 600 falling 1.7% and thus hitting its lowest level in 6 months. The negative market sentiment was driven by a series of factors. European central banks kept monetary policy in restrictive territory for an extended period. Energy price spiked after Saudi Arabia and Russia extended their production cuts. Meanwhile, the disinflation momentum slowed and concerns over a hard landing increased. Consumer discretionary stocks were the hardest hit, particularly travel and leisure. Despite high inflation and an ongoing war, the MSCI AC Europe Net Index (in \$A) has returned 28.8% for the year ending 30 September, beating the MSCI AC World Net Index (+20.3%) and MSCI Japan Net Index (+25.4%). Our European exposure tends to be focused on those stocks that have already gone through their recession e.g. asset gatherers like Allfunds Group.

The Hang Seng China Enterprises Index was down ~2.9% for September 2023 as markets adjusted to the hawkish Fed comments and continued worry about China's property sector, particularly China Evergrande. Despite government stimulus policies for the housing sector (i.e. lower minimum down payments and mortgage rates and increased ability to refinance), property sector weakness is widely cited as the key risk factor for China's economic outlook (Factset). Having said that, recent economic data releases have been mostly better than expected – including credit, exports activity and official manufacturing PMI. This is allaying some of the bearish narrative (Factset). Early October marks the Golden Week holiday in China and is an important barometer for consumer confidence and the economy. We have long held the view that the Chinese consumer is more resilient than reported with metrics such as travel spending and parcel deliveries growing strongly.

Performance Analysis*

For the month, our biggest contributors were Brazilian pulp and paper producer Suzano, Uranium producer and seller Kazatomprom and a short position in the S&P500 Index. Detractors included South Korean chemical company LG Chem, global credit bureau TransUnion and Hungarian airline Wizz Air.

For the calendar year to date our long positions contributed 9.7% to the Fund's return, while our short positions detracted 4.1%. Over this period, our North American long positions have been the standout performers, adding 4.3% to the Fund's performance, with a 1.8% contribution from Europe, 1.2% from Japan and 1.1% from Asia.

Valuation

The portfolio's aggregate valuation metrics are attractive in both an absolute sense and relative to the market, with a ~42% higher starting earnings yield. The Fund's portfolio is also 40% cheaper than the index on price to book ratio (see table below).

Metric	Platinum International Fund	MSCI AC World Net Index (A\$)
NTM Earnings Yield	9.2% (Price-to-Earnings ratio of 10.9x)	6.5% (Price-to-Earnings ratio of 15.4x)
NTM Dividend Yield	3.0%	2.8%
NTM Enterprise Value-to-Sales	1.5x	2.1x
LTM Price-to-Book Ratio	1.5x	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. MSCI data is sourced from Rimes, FactSet and Platinum. As at 30 September 2023. 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 Fund's fees and costs (other than brokerage). **Past performance is not a reliable indicator of future returns.**