

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



MONTHLY REPORT 31 May 2024

## FACTS

Portfolio value	\$296.48 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)	\$5.0305

## PERFORMANCE<sup>1</sup>

	Fund %	MSCI %
1 month	1.2	1.6
3 months	4.2	1.6
6 months	8.5	13.8
Calendar year to date	7.4	11.7
1 year	6.9	20.2
2 years (compound pa)	9.2	15.9
3 years (compound pa)	4.7	10.6
5 years (compound pa)	7.9	12.6
Since inception (compound pa)	6.8	12.5

## INVESTED POSITIONS OF PLATINUM INTERNATIONAL FUND<sup>3</sup>

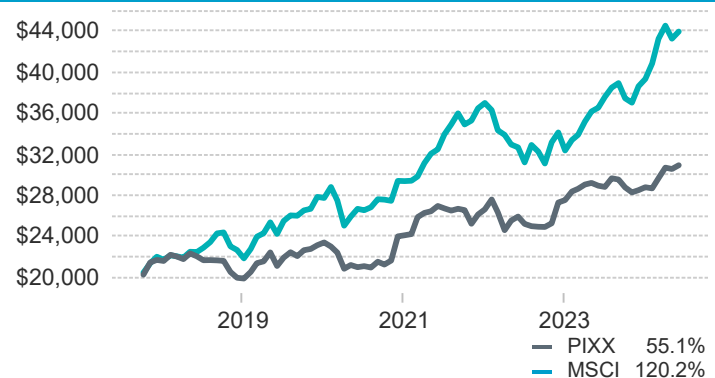
	LONG %	SHORT %	NET %	CCY %
<b>Asia-Pacific</b>	39.8	(5.1)	34.7	62.3
Australia	0.3	(0.2)	0.1	1.4
China	20.7	(4.9)	15.8	15.8
Hong Kong				8.2
Taiwan	3.4		3.4	3.4
India	2.6		2.6	2.6
Japan	8.4		8.4	26.5
South Korea	3.0		3.0	3.0
Other Asia-Pacific	1.5		1.5	1.5
<b>Europe</b>	22.6		22.6	27.5
Austria	1.3		1.3	
Finland	3.3		3.3	
France	3.1		3.1	
Italy	1.6		1.6	
Netherlands	1.1		1.1	
Switzerland	3.4		3.4	3.4
United Kingdom	8.2		8.2	10.0
Euro				14.0
Other Europe	0.6		0.6	
<b>North America</b>	22.4	(1.1)	21.3	9.3
Canada	3.2		3.2	3.5
United States of America	19.2	(1.1)	18.1	5.8
<b>Other</b>	0.9		0.9	0.9
<b>Sub-Total</b>	85.7	(6.3)	79.4	100.0
<b>Cash</b>	14.3	6.3	20.6	
<b>Total</b>	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 GRAPH<sup>2</sup>



## TOP TEN POSITIONS OF PLATINUM INTERNATIONAL FUND<sup>4</sup>

STOCK	COUNTRY	INDUSTRY	%
ZTO Express Cayman Inc	China	Industrials	4.5
Alphabet Inc	United States	Comm Services	3.5
UBS Group AG	Switzerland	Financials	3.4
Taiwan Semiconductor	Taiwan	Info Technology	3.4
UPM-Kymmene OYJ	Finland	Materials	3.3
Allfunds Group Plc	UK	Financials	3.0
Samsung Electronics Co	South Korea	Info Technology	3.0
Tencent Holdings Ltd	China	Comm Services	2.9
Micron Technology Inc	United States	Info Technology	2.8
Cameco Corp	Canada	Energy	2.8
<b>Total</b>			<b>32.5</b>

## INDUSTRY BREAKDOWN OF PLATINUM INTERNATIONAL FUND<sup>3</sup>

SECTOR	LONG %	SHORT %	NET %
Industrials	17.9		17.9
Financials	16.7	(0.3)	16.4
Information Technology	13.5	(0.6)	12.9
Consumer Discretionary	11.9	(0.3)	11.6
Energy	7.0		7.0
Communication Services	6.4	(0.2)	6.2
Materials	5.4		5.4
Real Estate	3.4		3.4
Consumer Staples	2.2		2.2
Health Care	1.1		1.1
Utilities	0.3		0.3
Other		(4.9)	(4.9)

Long - 58 stocks, 1 swap, 2 other Short - 8 swaps, 1 index

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](http://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](mailto:invest@platinum.com.au). The Fund's target market determination is available at [www.platinum.com.au/Investing-with-Us/New-Investors](http://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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# Platinum International Fund

(Quoted Managed Hedge Fund) ASX: PIXX

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## MARKET UPDATE AND COMMENTARY

This commentary relates to the underlying fund, the Platinum International Fund.

- The Platinum International Fund returned +1.2% for May 2024, taking the rolling one-year number to +6.5%.
- The Fund is currently 85.7% long and 6.3% short resulting in a net exposure of 79.4%.
- Platinum's investment philosophy has always been to find mispriced stocks in areas out of favour and away from the crowd. We avoid trying to predict which direction the overall market is heading and instead look for attractively-valued idiosyncratic business opportunities to invest capital in over the medium to long term.

### Performance Analysis\*

The Platinum International Fund returned +1.2% for the month of May 2024 with returns coming from our long book. The MSCI All Country World Index rose +1.6% during the month, driven by US IT and Communication stocks including the "Magnificent Seven" stocks, a group which has generated outsize returns in recent years. Meme stocks (e.g. GameStop) had a mid-month resurgence after prominent commentator, Keith Gill, returned to social media.

Top contributors to Fund performance were Swiss investment bank, UBS and Canadian uranium play, Cameco. UBS was up 17% after reporting a return to net profit for 1Q24 and said its integration of Credit Suisse was on track. Post integration, the company will be the largest wealth management firm outside the US. Cameco was up nearly 20% during May. It is interesting to see the change in sentiment around nuclear energy. We think Cameco is best positioned to benefit from continued tightness in uranium markets and growing nuclear energy needs, especially as demand from power hungry AI datacentres continues to grow. On the other hand, detractors to performance were Brazilian pulp and paper producer Suzano and South Korean semiconductor company, Samsung.

### On China

Sentiment towards China has been extremely negative following many years of weakness and valuations are near GFC levels. We think lack of confidence in the residential property sector has been a barrier to local investment in the stock market. With property accounting for ~20% of GDP and ~70% of household assets, it has a tremendous wealth effect. Over the past year, a series of government interventions and regulations have all been aimed at restoring confidence in this very important sector.

On a more positive note, the Chinese stock market (measured by the Hang Seng Composite Index) is up over 20% since the lows of January and the Chinese stocks we own have performed well, enjoying share price gains ranging from 10 - 55%.

We think this market shift is in large part due to the latest iteration of the government's housing policy. However, at this stage the policy is light on detail and the financing package may be smaller than what is ultimately needed to fix the sector.

What we have learnt in our 30 years of investing in China is that a run up in the share market can follow new policy initiatives but the market may pull back if the policy move is not followed by evidence of impact. As a result we have reduced our net exposure to China via a temporary short position in the Hang Seng Composite Index. We remain confident about a medium-term recovery in the high-quality stocks we own. Near term, we are diligently evaluating house price stabilisation in tier 1 and tier 2 cities. Once stabilised we will have more confidence the government's measures were sufficient.

### An attractively valued portfolio

The portfolio's aggregate valuation metrics are attractive both in an absolute sense and relative to the market, with a ~44% higher earnings yield and a ~36% discount on the Price-to-Book ratio (see table below).

Metric	Platinum International Fund	MSCI AC World Net Index (A\$)
NTM Earnings Yield	8.2% (Price-to-Earnings ratio of 12.2x)	5.7% (Price-to-Earnings ratio of 17.4x)
NTM Dividend Yield	2.5%	2.3%
NTM Enterprise Value-to-Sales	1.9x	2.4x
LTM Price-to-Book Ratio	1.8x	2.8x

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 31 May 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 Fund's fees and costs (other than brokerage). **Past performance is not a reliable indicator of future returns.**