

# Platinum Investment Bond - APIR Code: LIF2561AU

## Platinum International Fund



MONTHLY REPORT 28 February 2023

### FACTS

Portfolio value	\$1.44 mn
Option commenced	23 March 2021
Unit valuation	Adelaide Business Day
Net asset value (\$ per unit)	\$1.0610

### PERFORMANCE OF PLATINUM INTERNATIONAL FUND<sup>1</sup>

	Fund %	MSCI %
1 month	0.9	1.5
3 months	4.8	(0.7)
6 months	14.6	5.0
Calendar year to date	3.9	4.7
1 year	8.4	(1.3)
2 years (compound pa)	4.9	6.6
3 years (compound pa)	8.1	7.2
5 years (compound pa)	5.0	8.9
7 years (compound pa)	8.8	10.7
10 years (compound pa)	10.8	12.5
Since inception (compound pa)	11.6	7.2

The returns shown are for the Platinum International Fund C Class (launched on 30 April 1995). It is one of the investment options available for investors in the Platinum Investment Bond, which was launched on 23 March 2021. Investors in the Platinum Investment Bond will not have experienced the returns prior to 23 March 2021 and the historical data is provided for information purposes only. **Past performance is not a reliable indicator of future returns.**

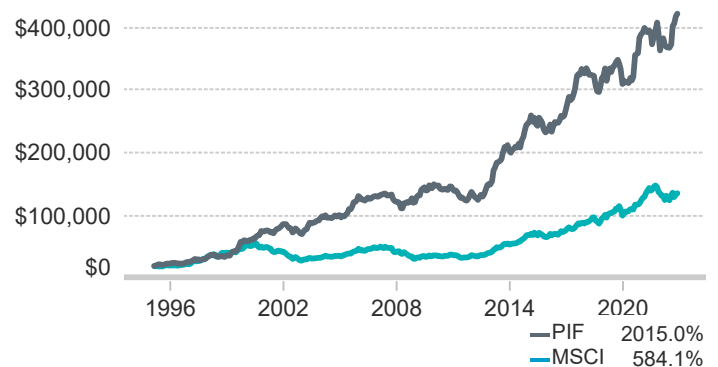
### INVESTED POSITIONS OF PLATINUM INTERNATIONAL FUND<sup>3</sup>

	LONG %	SHORT %	NET %	CCY %
<b>Asia-Pacific</b>	36.5	(4.0)	32.6	50.2
Australia	1.5	(1.9)	(0.4)	1.7
China	20.0		20.0	22.4
Hong Kong	0.1		0.1	0.4
Taiwan	0.2		0.2	0.2
India	2.0		2.0	2.0
Japan	8.3	(1.9)	6.4	20.1
Kazakhstan	0.3		0.3	0.3
New Zealand		(0.2)	(0.2)	(0.2)
South Korea	4.2		4.2	4.3
China Renminbi Offshore				(1.0)
<b>Europe</b>	28.9	(0.1)	28.8	33.8
Austria	2.5		2.5	
Belgium	0.1		0.1	
Denmark	0.1	(0.1)		0.1
Finland	2.9		2.9	
France	3.2		3.2	
Germany	3.9		3.9	
Ireland	0.8		0.8	
Italy	2.8		2.8	
Monaco	0.8		0.8	
Netherlands	2.7		2.7	
Norway	0.3		0.3	0.3
Sweden	0.1		0.1	0.1
Switzerland	1.1		1.1	1.1
United Kingdom	7.6		7.6	11.1
Euro				21.1
<b>North America</b>	18.2	(10.5)	7.7	14.2
Canada	1.9		1.9	2.4
United States of America	16.3	(10.5)	5.8	11.8
<b>Other</b>	1.8		1.8	1.8
<b>Sub-Total</b>	85.5	(14.6)	70.9	100.0
<b>Cash</b>	14.5	14.6	29.1	
<b>Total</b>	100.0		100.0	100.0

### FEES

Investment management fee	1.05% p.a.
Administration fee	0.30% p.a.
Investing transaction costs	0.30% on contributions

### PERFORMANCE GRAPH OF PLATINUM INTERNATIONAL FUND<sup>2</sup>



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

STOCK	COUNTRY	INDUSTRY	%
ZTO Express Cayman Inc	China	Industrials	3.5
Microchip Technology Inc	United States	Info Technology	3.1
Minebea Co Ltd	Japan	Industrials	3.0
Ping An Insurance Group	China	Financials	2.9
UPM-Kymmene OYJ	Finland	Materials	2.9
Allfunds Group Plc	UK	Financials	2.7
Intesa Sanpaolo SpA	Italy	Financials	2.7
Shell PLC	Netherlands	Energy	2.3
Beazley PLC	UK	Financials	2.2
Weichai Power Co Ltd	China	Industrials	2.1
<b>Total</b>			<b>27.5</b>

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

SECTOR	LONG %	SHORT %	NET %
Financials	17.7	(1.2)	16.4
Industrials	18.9	(3.2)	15.8
Materials	8.6		8.6
Consumer Discretionary	11.4	(3.0)	8.4
Information Technology	11.0	(3.2)	7.8
Energy	7.5		7.5
Health Care	4.1		4.1
Communication Services	3.3	(0.9)	2.5
Real Estate	2.4	(0.2)	2.2
Consumer Staples	0.5	(0.4)	0.1
Other		(2.5)	(2.5)

Long - 131 stocks, 2 swaps, 1 option, 2 other Short - 33 swaps, 1 index

The Platinum Investment Bond ("Bond") is an investment bond issued by Lifeplan Australia Friendly Society Limited ABN 78 087 649 492 AFSL 237989. Platinum Investment Management Limited ABN 25 063 565 006 AFSL 221935 ("Platinum"), is the responsible entity of the Platinum International Fund ("PIF"), an underlying investment option of the Bond. The Bond's latest Product Disclosure Statement ("PDS") provides details about the Bond. You can obtain a copy of the PDS from Australian Unity's website [www.australianunity.com.au/platinum](http://www.australianunity.com.au/platinum), or by contacting their Investor Services on 1800 670 638. 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 are subject to rounding. Platinum does not guarantee the performance of the Bond or PIF, 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 PIF returns and Factset Research Systems for MSCI returns. Investment returns are calculated using PIF'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 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 PIF since inception (30 April 1995). **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 PIF's exposure to long securities and long securities/index derivative positions, the "Short %" is PIF's exposure to short securities and short securities/index derivative positions and the "Net %" is the difference between the "Long %" and the "Short %", each as a percentage of the market value of 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).

All data where MSCI is referenced is the property of MSCI Limited ("MSCI"). No use or distribution of this data is permitted without the written consent of MSCI. This data is provided "as is" without any warranties by MSCI.

MSCI assumes no liability for or in connection with this data. Please see full MSCI disclaimer in <https://www.platinum.com.au/Special-Pages/Terms-Conditions>

### MARKET UPDATE AND COMMENTARY

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

- The Fund rose 0.9% for the month – in line with broader market\* moves.
- 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

After charging out of the gate in January, markets had a more subdued February. Despite resilient economic data in the US, the S&P 500 index has been driven more by company-specific factors than macroeconomic variables, creating more stock-picking opportunities. 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.

In the US, the Federal Reserve increased interest rates early in the month as expected, but the continued strength in the jobs market, strong retail sales and a high Personal Consumption Expenditures Price Index (PCE) number saw market participants price in a higher peak (terminal) Fed Funds rate, along with a "higher-for-longer" scenario, i.e. the potential for rate cuts has been pushed further out. With that backdrop, the US markets held up surprisingly well. Corporates reported lower but better-than-expected earnings numbers in the face of increasing interest rates. One highlight was Meta Platforms, which rose 23% on its result, its strongest day in nearly a decade (source: FactSet).

Elsewhere, US President Joe Biden and Treasury Secretary Janet Yellen both made separate surprise trips to declare their "unwavering support" for Ukraine as Russia's invasion passed the one-year mark. Even with the tragic headlines, the broad STOXX Europe 600 index has bounced 20% from its September low and the FTSE 100 index climbed to a record all-time high during the month (source: FactSet). Similarly, to the US, investors in Europe also increased their terminal rate expectations from the European Central Bank and the Bank of England.

Our Chinese positions were a drag on performance this month, as the markets consolidated their strong calendar-year-to-date returns. 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.

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) 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\*\*

Over the past three months, the long positions contributed 4.3% to the Fund's return (versus an underlying market return of -0.7%). The Fund's return was driven by our positions in European financials and selective US shorts. European holdings contributed 3.3% over the past three months, with Intesa Sanpaolo, Allfunds and Erste Group being the major contributors.

#### Valuation

The portfolio's aggregate valuation metrics are attractive in both an absolute sense and relative to the market, with a 33% 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	8.8% (Price-to-Earnings ratio of 11.4x)	6.6% (Price-to-Earnings ratio of 15.2x)
NTM Dividend Yield	3.3%	2.8%
NTM Enterprise Value-to-Sales	1.1x	1.6x
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. As at 28 February 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.**