

Platinum Investment Bond - APIR Code: LIF2561AU

Platinum International Fund



MONTHLY REPORT 31 July 2023

FACTS

Portfolio value	\$1.65 mn
Option commenced	23 March 2021
Unit valuation	Adelaide Business Day
Net asset value (\$ per unit)	\$1.0867

PERFORMANCE OF PLATINUM INTERNATIONAL FUND¹

	Fund %	MSCI %
1 month	2.9	2.4
3 months	1.4	6.4
6 months	4.4	15.2
Calendar year to date	7.5	18.9
1 year	18.2	16.9
2 years (compound pa)	5.4	5.0
3 years (compound pa)	11.9	12.7
5 years (compound pa)	6.1	10.4
7 years (compound pa)	8.8	11.8
10 years (compound pa)	9.0	11.8
Since inception (compound pa)	11.5	7.5

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.**

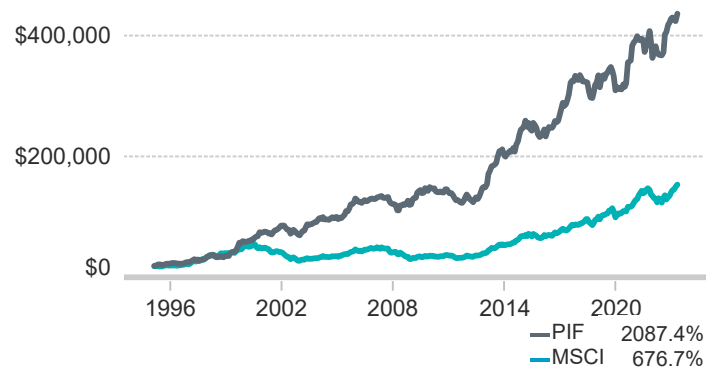
INVESTED POSITIONS OF PLATINUM INTERNATIONAL FUND³

	LONG %	SHORT %	NET %	CCY %
Asia-Pacific	44.1	(0.8)	43.3	46.5
Australia	2.3	(0.1)	2.2	2.4
China	23.1		23.1	25.6
Taiwan	1.6		1.6	1.6
India	2.5		2.5	2.5
Japan	9.3	(0.4)	8.9	9.4
South Korea	4.6	(0.3)	4.3	4.4
Other Asia-Pacific	0.7		0.7	0.6
Europe	25.0	(0.5)	24.6	26.5
Austria	2.1		2.1	
Finland	2.7		2.7	
France	3.5		3.5	
Germany	2.8		2.8	
Italy	1.7		1.7	
Netherlands	1.3		1.3	
Switzerland	2.4		2.4	2.4
United Kingdom	7.1		7.1	8.7
Euro				15.1
Other Europe	1.6	(0.5)	1.1	0.3
North America	21.2	(6.5)	14.6	24.2
Canada	0.7		0.7	1.6
United States of America	20.5	(6.5)	14.0	22.6
Other	2.9	(0.2)	2.8	2.8
Sub-Total	93.2	(7.9)	85.3	100.0
Cash	6.8	7.9	14.7	
Total	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 FUND²



TOP TEN POSITIONS OF PLATINUM INTERNATIONAL FUND⁴

STOCK	COUNTRY	INDUSTRY	%
ZTO Express Cayman Inc	China	Industrials	3.7
Microchip Technology Inc	United States	Info Technology	3.6
Minebea Co Ltd	Japan	Industrials	3.0
Samsung Electronics Co	South Korea	Info Technology	3.0
Ping An Insurance Group	China	Financials	2.9
Allfunds Group Plc	UK	Financials	2.9
UPM-Kymmene OYJ	Finland	Materials	2.7
InterGlobe Aviation Ltd	India	Industrials	2.5
Suzano SA	Brazil	Materials	2.5
Airbus SE	France	Industrials	2.1
Total			28.9

INDUSTRY BREAKDOWN OF PLATINUM INTERNATIONAL FUND³

SECTOR	LONG %	SHORT %	NET %
Industrials	22.4	(1.9)	20.5
Financials	17.9	(0.3)	17.6
Information Technology	13.9	(1.1)	12.9
Materials	9.4	(0.4)	9.0
Consumer Discretionary	10.3	(2.9)	7.4
Energy	5.6		5.6
Health Care	4.3		4.3
Real Estate	3.6		3.6
Communication Services	4.8	(1.3)	3.5
Consumer Staples	0.4		0.4
Utilities	0.3		0.3
Other	0.3		0.3

Long - 125 stocks, 2 swaps, 1 option, 2 other Short - 25 swaps

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, 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).

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MARKET UPDATE AND COMMENTARY

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

- The Fund gained 2.9% for the month. This brings the one-year return to a solid 18.2% and 7.5% for the year to date.
- The net invested position has increased significantly over the month due largely to the closure of some short positions.
- The US economy is looking more resilient than expected, however, we do believe a recession is still likely.

Market Commentary

Markets continued to push higher in July. Historically, large increases in interest rates have been accurate predictors of a recession, as higher borrowing costs and tighter availability of credit eventually weaken activity and lower corporate profits. However, interest rates have now been high and in restrictive territory for 12 months, but the US economy remains resilient and employment is strong. It has also been a generally positive US corporate reporting season. There is a lot of uncertainty around the range of outcomes from this point on, especially as lower inflation and reduced recession risk now appear to be priced into markets. We have closed some of our dynamic short positions in cyclical businesses where a key assumption was a recession. We will look for better entry points as we continue to believe that earnings growth will broadly adjust lower from here, particularly in the US.

China continues to be a country deeply out of favour with investors. While many markets are back to all-time highs, China is still 30-45% down from its most recent February 2021 peak (depending on A-shares or H-shares, source: FactSet). In July, the Chinese government extended support for property developers, relaxed mortgage rules and dropped the “anti-speculation” language around home ownership while pledging to boost consumption and resolve local government debt. President Xi also called for a greater opening up of the economy, with a focus on foreign cooperation in trade and investment, while three US cabinet officials visited China in as many weeks during the month in an attempt to resolve tensions. In response to the likelihood of more stimulus, we deployed some cash to increase our exposure to key related stocks.

Platinum’s investment philosophy has always been to find mispriced stocks and opportunities in areas that are out of favour and away from the crowd. We continue to 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.

Our net exposure rose over the month from around 73% to 85% as at 31 July. We added to the long portfolio while also closing around half of our short positions. 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. The composition of the short portfolio continues to have less emphasis on highly valued growth names and more on COVID beneficiaries and challenged business models that we expect will have weak earnings outcomes and balance sheet problems in the year ahead.

Performance Analysis*

For the month, our biggest contributors were our Chinese holdings, particularly Ping An Insurance, ZTO Express and e-commerce platforms. Our US and Chinese long positions in aggregate added 4% to performance, while some of our European positions detracted. The short book detracted 1% over the month due to our US short positions. We have closed some of these positions, as mentioned above, but remain ready to reposition if the opportunity presents itself.

For the calendar year to date (CYTD), our long positions contributed 14% to the Fund’s return, while our short positions detracted 6%. The Fund’s return was driven by a broad array of long positions, with our semiconductor and European financial names being the standouts (Microchip, Infineon, Samsung Electronics, Micron, Intesa Sanpaolo) as AI excitement spread to the semiconductor space and European interest rates increased. Travel names have also been solid contributors (InterGlobe Aviation, Airbus) as demand for travel remains strong post-COVID. For the CYTD, our US long positions have been the standout performers, adding 5% to the Fund’s performance, with a 3% contribution from Asia.

Valuation

The portfolio’s aggregate valuation metrics are attractive in both an absolute sense and relative to the market, with a 39% higher starting earnings yield and a 37% discount on an asset basis (see table below).

Metric	Platinum International Fund	MSCI AC World Net Index (A\$)
NTM Earnings Yield	8.5% (Price-to-Earnings ratio of 11.8x)	6.1% (Price-to-Earnings ratio of 16.4x)
NTM Dividend Yield	3.0%	2.6%
NTM Enterprise Value-to-Sales	1.4x	1.7x
LTM Price-to-Book Ratio	1.7x	2.7x

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 July 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.**