

# Platinum Investment Bond - APIR Code: LIF2561AU

## Platinum International Fund



MONTHLY REPORT 31 August 2023

### FACTS

Portfolio value	\$1.66 mn
Option commenced	23 March 2021
Unit valuation	Adelaide Business Day
Net asset value (\$ per unit)	\$1.0836

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

	Fund %	MSCI %
1 month	(0.4)	1.1
3 months	2.0	6.5
6 months	3.0	14.8
Calendar year to date	7.0	20.2
1 year	18.0	20.6
2 years (compound pa)	4.9	4.0
3 years (compound pa)	10.7	12.1
5 years (compound pa)	6.0	9.9
7 years (compound pa)	8.2	11.7
10 years (compound pa)	8.9	12.1
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.**

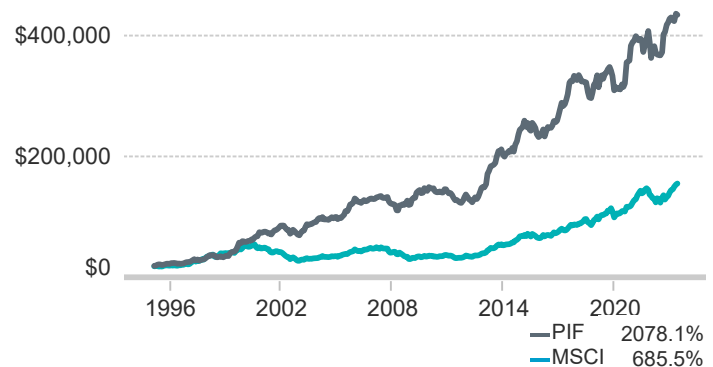
### INVESTED POSITIONS OF PLATINUM INTERNATIONAL FUND<sup>3</sup>

	LONG %	SHORT %	NET %	CCY %
<b>Asia-Pacific</b>	42.8	(0.7)	42.0	45.2
Australia	2.1		2.1	2.2
China	22.5		22.5	24.6
Taiwan	1.6		1.6	1.6
India	2.4		2.4	2.4
Japan	9.0	(0.4)	8.6	9.5
South Korea	4.2	(0.3)	4.0	4.0
Other Asia-Pacific	0.9		0.9	0.9
<b>Europe</b>	25.9	(0.2)	25.7	27.4
Austria	1.2		1.2	
Finland	2.9		2.9	
France	3.6		3.6	
Germany	2.4		2.4	
Italy	1.5		1.5	
Netherlands	1.3		1.3	
Switzerland	4.0		4.0	4.0
United Kingdom	7.2		7.2	8.5
Euro				14.7
Other Europe	1.7	(0.2)	1.5	0.2
<b>North America</b>	21.0	(10.3)	10.6	24.4
Canada	0.7		0.7	1.7
United States of America	20.2	(10.3)	9.9	22.7
<b>Other</b>	3.1	(0.1)	3.0	3.0
<b>Sub-Total</b>	92.7	(11.4)	81.3	100.0
<b>Cash</b>	7.3	11.4	18.7	
<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	3.6
Microchip Technology Inc	United States	Info Technology	3.3
Minebea Co Ltd	Japan	Industrials	2.9
UPM-Kymmene OYJ	Finland	Materials	2.9
UBS Group AG	Switzerland	Financials	2.8
Samsung Electronics Co	South Korea	Info Technology	2.8
Ping An Insurance Group	China	Financials	2.8
Allfunds Group Plc	UK	Financials	2.7
Suzano SA	Brazil	Materials	2.6
InterGlobe Aviation Ltd	India	Industrials	2.4
<b>Total</b>			<b>28.9</b>

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

SECTOR	LONG %	SHORT %	NET %
Industrials	21.5	(2.0)	19.5
Financials	18.2	(0.4)	17.8
Information Technology	13.2	(1.8)	11.4
Materials	10.4	(0.4)	10.0
Consumer Discretionary	10.5	(2.4)	8.1
Energy	6.0		6.0
Health Care	4.1		4.1
Communication Services	4.8	(0.9)	4.0
Real Estate	3.4		3.4
Consumer Staples	0.4		0.4
Utilities	0.3		0.3
Other		(3.5)	(3.5)

Long - 130 stocks, 2 swaps, 1 option, 2 other Short - 33 swaps, 2 indices

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).

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### MARKET UPDATE AND COMMENTARY

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

- The Fund returned -0.4% for the month. This brings the one-year return to a solid 18.0% and 7.0% for the year to date.
- The net invested position was reduced slightly to around 81% over the month.
- We continue to believe there is risk around the US economy.

#### Market Commentary

US equities finished mostly lower in August. The S&P 500 fell 1.8% and the Nasdaq fell 2.2%, which was their first monthly decline since February 2023. It was a mixed month for the "Magnificent Seven" mega-cap tech names that drove nearly 75% of the S&P's gains in the first six months of 2023 and extended their rally in July (source: FactSet). NVIDIA (+5.6%) and Amazon (+3.2%) were the standout performers over the month thanks to better-than-expected earnings and guidance commentary, while Meta Platforms (-7.1%), Apple (-4.4%), Tesla (-3.5%) and Microsoft (-2.4%) all underperformed. True to Platinum's contrarian philosophy, we continue to seek mispriced stocks in areas that are out of favour. Our preferred investment thematic in the US is those companies that have already undergone their recession and have had their earnings expectations and valuations rebased i.e. TransUnion. There were a number of bearish talking points in August, including bank credit rating downgrades/downgrade warnings, further tightening of bank lending standards and a softening in loan demand, a looming potential United Automobile Workers (UAW) strike, the highest mortgage rates since 2001, the lowest home purchase applications since 1995, near-record late summer gas prices, and more research suggesting consumers have largely exhausted their excess savings. We still think there is risk around the US economy.

European equity markets ended lower in August, with the Stoxx Europe 600 falling 2.8%. Economic data reinforced expectations of an economic slowdown, but the biggest headwind for European equity markets came from China amid a slowdown in activity and financial instability risks due to problems at real estate developers. Unsurprisingly, cyclicals and those sectors exposed to China saw the biggest headwinds, while oil and gas outperformed, with crude prices firmer. Italian banks were in the spotlight after the government unveiled a surprise windfall tax. The government announced a one-off 40% tax on bank profits due to higher interest rates after reprimanding lenders for failing to reward depositors. The announcement follows similar policies in Spain and Hungary.

Asian equity markets endured a difficult month in August, falling the most since February with a significant slowdown in China's economic growth. Lacklustre economic data from China dominated headlines. China's year-on-year industrial production, retail sales and fixed asset investment growth for July were all forecast to fall from June's readings, yet all three still missed estimates (source: Reuters). Chinese property developer Country Garden said it was facing "major uncertainties" over several bond redemptions (source: Bloomberg) after missing repayments and sparking a 30-day countdown to avoid default. It subsequently made the repayments in early September. However, there are positive developments in the Chinese real estate sector, with the Chinese government announcing a series of country-wide stimulus measures, including lower minimum down payments, lower minimum mortgage rates and the ability to refinance.

#### Performance Analysis\*

For the month, our biggest contributors were Swiss investment bank UBS, Chinese online e-commerce company PDD and Finnish pulp manufacturer UPM-Kymmene. Detractors included German power semiconductor company Infineon Technologies, US semiconductor company Microchip Technology and Chinese parcel delivery service ZTO Express.

For the calendar year to date (CYTD), our long positions contributed 13% to the Fund's return, while our short positions detracted 5%. The Fund's return was driven by a broad array of long positions, with our semiconductor and European financial names being key contributors as AI excitement spread to the semiconductor space and European interest rates increased. For the CYTD, our US long positions have been the standout performers, adding 5% to the Fund's performance, with a 2% contribution from Asia.

#### Valuation

The portfolio's aggregate valuation metrics are attractive in both an absolute sense and relative to the market, with a 46% higher starting earnings yield and a 38% discount on an asset basis (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)	6.3% (Price-to-Earnings ratio of 16x)
NTM Dividend Yield	3.1%	2.7%
NTM Enterprise Value-to-Sales	1.5x	2.2x
LTM Price-to-Book Ratio	1.6x	2.6x

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 August 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.**