

# Platinum Investment Bond - APIR Code: LIF2561AU

## Platinum International Fund



MONTHLY REPORT 30 November 2023

### FACTS

Portfolio value	\$1.72 mn
Option commenced	23 March 2021
Unit valuation	Adelaide Business Day
Net asset value (\$ per unit)	\$1.0572

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

	Fund %	MSCI %
1 month	0.7	4.3
3 months	(3.6)	(0.8)
6 months	(1.7)	5.7
Calendar year to date	3.2	19.3
1 year	4.1	13.1
2 years (compound pa)	4.1	2.9
3 years (compound pa)	5.6	9.5
5 years (compound pa)	7.0	11.2
7 years (compound pa)	7.5	11.4
10 years (compound pa)	7.6	11.1
Since inception (compound pa)	11.2	7.4

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.**

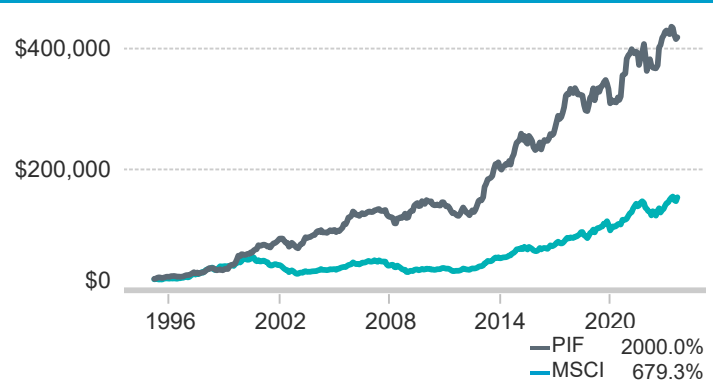
### INVESTED POSITIONS OF PLATINUM INTERNATIONAL FUND<sup>3</sup>

	LONG %	SHORT %	NET %	CCY %
<b>Asia-Pacific</b>	41.0	(0.9)	40.1	59.3
Australia	2.4		2.3	3.5
China	20.4		20.4	20.4
Taiwan	1.8	(0.2)	1.6	1.6
India	1.9		1.9	1.9
Japan	8.8	(0.5)	8.3	26.3
South Korea	4.1	(0.2)	3.9	3.9
Other Asia-Pacific	1.6		1.6	1.6
<b>Europe</b>	22.3	(2.8)	19.5	26.2
Austria	1.1		1.1	
Finland	3.0		3.0	
France	3.3		3.3	
Germany	1.9	(2.2)	(0.3)	
Switzerland	4.3	(0.1)	4.2	4.3
United Kingdom	7.3		7.3	9.1
Euro				12.6
Other Europe	1.3	(0.5)	0.8	0.2
<b>North America</b>	17.9	(11.6)	6.3	11.4
Canada	2.5		2.5	2.9
United States of America	15.4	(11.6)	3.8	8.5
<b>Other</b>	3.1		3.1	3.1
<b>Sub-Total</b>	84.3	(15.2)	69.1	100.0
<b>Cash</b>	15.7	15.2	30.9	
<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	3.3
Allfunds Group Plc	UK	Financials	3.1
Samsung Electronics Co	South Korea	Info Technology	3.1
UBS Group AG	Switzerland	Financials	3.0
UPM-Kymmene OYJ	Finland	Materials	3.0
Tencent Holdings Ltd	China	Comm Services	2.8
Suzano SA	Brazil	Materials	2.5
Minebea Co Ltd	Japan	Industrials	2.5
Cameco Corp	Canada	Energy	2.2
Airbus SE	France	Industrials	2.2
<b>Total</b>			<b>27.5</b>

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

SECTOR	LONG %	SHORT %	NET %
Financials	15.4	(0.7)	14.7
Industrials	18.4	(3.9)	14.5
Materials	10.6	(0.2)	10.5
Consumer Discretionary	10.6	(2.1)	8.5
Information Technology	10.8	(3.3)	7.5
Energy	6.6		6.6
Communication Services	5.1	(0.7)	4.4
Real Estate	3.2		3.2
Health Care	3.0	(0.1)	2.9
Consumer Staples	0.5		0.5
Utilities	0.2		0.2
Other		(4.3)	(4.3)

Long - 124 stocks, 1 swap, 1 option, 2 other Short - 40 swaps, 3 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 +0.7% for the month.
- At the end of November 2023 the Fund was 84.3% long with the short book at 15.2%.

#### Market Commentary

With growing optimism that the Fed has done its work and amidst strengthening disinflation narratives, US equities posted their biggest monthly gains since July 2022. Some weaker than expected economic data added weight to these 'rates-have peaked' narratives: October payrolls growth came in below consensus and continuing claims were at the highest level since November 2021. The October CPI was the lowest since September 2021 and WTI crude fell more than 6%. While the November FOMC meeting (on 1 November) saw no policy change, markets are now pricing in a near zero chance of a December rate hike and there was an acceleration of rate cut expectations around 2024.

We would highlight that inflation looks to have peaked because the economy is slowing. The commentary from 3Q earnings season was downbeat and analysts revised their earnings growth forecasts for 4Q from 8% down to 2.9%. We note that earnings growth for 2024 is still at double digits which, in our view, seems high for a slowing economy.

European equity markets were also higher in November on the disinflation and peak rates narrative. Unsurprisingly, rate sensitive sectors such as real estate and technology were the best performers. Europe has an interesting economic and political backdrop. The individual and collective economies are slowing, hopes of a China-reopening economic boost have fizzled and concerns around energy supply vulnerability have heightened given the Middle East turmoil and prolonged Russia/Ukraine war. In our view, this has given rise to an increase in fragmented politics and the rise of fringe parties in many countries, the latest being the election of the Freedom Party in the Netherlands led by Geert Wilders. Given the uncertainty, we would have expected equity markets to be weaker than they are and we remain relatively cautious on the region, mainly investing in those companies and industries that have already gone through their recession.

Asian equity markets had a positive November apart from Hong Kong which declined 1%. Of the risers, the most notable was the Kospi's 16% gain, driven by South Korea's decision to ban short selling.

There was some positive economic data out of China with October retail sales coming in above expectations at 7.6% year-on-year growth (albeit off a low base from October 2022 due to COVID-19 restrictions). Industrial production growth also rose and beat expectations but the property sector remains a handbrake on the economy with property sales falling 20.3% year-on-year.

The Chinese government has been steadily providing more support for the property sector. In the latest news, Beijing released a list of 50 developers that will be eligible for easier bank loans as well as debt and equity financing. It may also allow banks to issue unsecured loans to developers for the first time. There is a lag between policy implementation and the effect it has on the economy and we expect that additional stimulus measures will increase the population's confidence in the property sector and in turn help boost the economy.

#### Performance Analysis\*

For the month our biggest contributors to performance were Chinese online retailer PDD Holdings, European fund distribution and platform provider, Allfunds and Swiss banking giant UBS Group. Detractors included a short position in the Nasdaq Index, Chinese parcel delivery company ZTO Express and Chinese insurance company Ping An Insurance Group.

#### Valuation

Relative to the market the Fund's earnings yield remains attractive – up approximately 38%. The Fund also has a relative Price-to-Book ratio running at around a 40% discount (see table below). Platinum's investment process is focused on finding businesses that have better long-term growth prospects but are oversold or out of favour due to temporary setbacks and therefore have attractive valuations.

Metric	Platinum International Fund	MSCI AC World Net Index (A\$)
NTM Earnings Yield	8.7% (Price-to-Earnings ratio of 11.5x)	6.3% (Price-to-Earnings ratio of 16x)
NTM Dividend Yield	2.9%	2.7%
NTM Enterprise Value-to-Sales	1.4x	2.2x
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 November 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.**