



**Platinum
Global Fund[®]
Quarterly Investment
Manager's Report**

30 June 2019

Investment Update

Platinum Global Fund



Clay Smolinski
Portfolio Manager

Performance

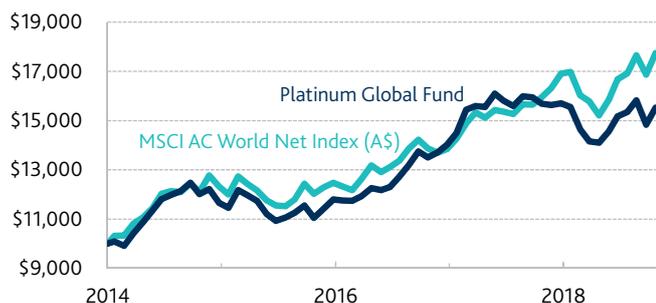
(compound pa, to 30 June 2019)

	QUARTER	1 YR	2 YRS	3 YRS	SINCE INCEPTION
Platinum Global Fund*	1.1%	-1.1%	7.2%	12.0%	9.6%
MSCI AC World Index^	4.9%	11.3%	13.1%	13.9%	12.7%

* Fund returns are after fees and costs, are before tax, and assume the reinvestment of distributions. Inception date: 8 September 2014.
 ^ Index returns are those of the MSCI All Country World Net Index in AUD.
 Historical performance is not a reliable indicator of future performance.
 Source: Platinum Investment Management Limited for Fund returns; FactSet for Index returns. See note 1, page 11.

Value of \$10,000 Invested Since Inception

8 September 2014 to 30 June 2019



After fees and costs, before tax, and assuming reinvestment of distributions.
 Source: Platinum Investment Management Limited for Fund returns; FactSet for Index returns. Historical performance is not a reliable indicator of future performance. See notes 1 & 2, page 11.

Over the past three years, the return of the Platinum Global Fund has been sound, delivering an annualised return of 12.0%. In dollar terms, \$10,000 invested on 30 June 2016 with distributions reinvested is now worth \$14,048, for a total cumulative return over the period of 40.5%¹.

However, over the past year, the Fund’s return has been weaker, returning -1%. In our December 2018 quarterly report², we outlined the factors behind the Fund’s performance in detail, with the brief summary being:

- **Oil and Energy** – Our oil and energy holdings were the largest detractor from performance over the past year, costing the Fund around -4% in total performance. The oil price fell 36% in October 2018, triggering sharp falls in many of our oil-exposed holdings, which have yet to recover.
- **Financials** – Two of the Fund’s major bank holdings, Raiffeisen Bank International and KB Financial Group, have seen their share prices fall around -20% on the back of macro and political fears.
- **Chinese internet advertising** – Uncertainty around the US and China trade war has seen Chinese small- and medium-sized businesses pull back on their advertising spend, which has triggered price falls in online advertising platforms such as Weibo.

The factors above explain the absolute performance of the Fund over the past year, **but the obvious next question is why is the market performing so much better?**

The most notable driver in the market today is the growing valuation divergence between stocks that investors perceive to offer high growth or safety versus everything else. This divergence has dramatically accelerated since 2017.

The anecdotal evidence of this difference is evident in³:

1. The valuation of the ‘sure thing’/safety stocks. Those companies investors believe can consistently grow are being awarded very high valuations. A good example is PayPal, which now trades on 53x earnings. High valuations are also being given to relatively slow-growing

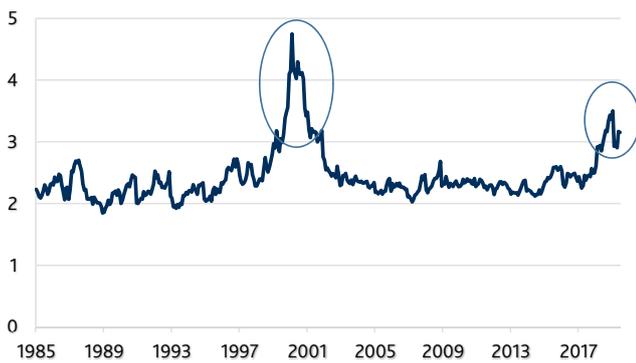
1 Historical performance is not a reliable indicator of future performance.
 2 https://www.platinum.com.au/PlatinumSite/media/Reports/pgfqtr_1218.pdf
 3 Source: FactSet as at 30 June 2019

consumer staples stocks, such as Kikkoman (food manufacturer) trading on 34x, Lindt Chocolate on 36x and Diageo (alcoholic beverages) on 27x.

2. The excitement around the high growth software-as-a-service (SaaS) companies, many of which trade on 20-25x sales and have no profits.
3. Recent initial public offering (IPO or float) activity. A good example is Beyond Meat. The company produces heavily processed meat substitutes (commonly known as "veggie-burgers"). From its IPO price of US\$25, its share price rose seven fold in a month and it now has a market capitalisation of around US\$10 billion, despite only having sales of US\$220 million.

Importantly, we can also measure this valuation divergence quantitatively. As shown in the chart in Fig. 1, over the past 34 years, the **only time the valuation difference has been greater than it is today was during the tech bubble.**

Fig.1: P/E Spread – United States



Source: FactSet . This spread is calculated by taking all stocks with a market cap above US\$1 bn, and placing them into five groups, ranging from least expensive (group 1) to most expensive (group 5). The spread shows how many times more expensive group 5 is vs. group 1.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Ping An Insurance	China	Financials	3.6%
Facebook Inc	USA	Comm Services	3.5%
Samsung Electronics	Korea	Info Technology	3.4%
Alphabet Inc	USA	Comm Services	3.0%
Intel Corporation	USA	Info Technology	2.8%
Bharti Airtel Ltd	India	Comm Services	2.1%
TechnipFMC	UK	Energy	2.0%
Sanofi	France	Health Care	2.0%
Skyworks Solutions	USA	Info Technology	1.9%
Glencore PLC	Switzerland	Materials	1.9%

As at 30 June 2019. See note 6, page 11.

Source: Platinum Investment Management Limited.

For further details of the Fund's invested positions, including country and industry breakdowns and currency exposure, updated monthly, please visit www.platinum.com.au/our-products/pgf.

Disposition of Assets

REGION	30 JUN 2019	31 MAR 2019
Asia	32%	32%
North America	26%	24%
Europe	12%	17%
Japan	5%	5%
Australia	0%	0%
Cash	26%	22%

See note 3, page 11. Numbers have been subject to rounding adjustments. Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	30 JUN 2019	31 MAR 2019
Financials	14%	15%
Communication Services	14%	14%
Information Technology	12%	11%
Industrials	9%	10%
Materials	6%	9%
Energy	5%	6%
Health Care	4%	4%
Consumer Discretionary	4%	3%
Consumer Staples	2%	2%
Real Estate	2%	2%
Utilities	1%	1%
TOTAL NET EXPOSURE	74%	78%

See note 4, page 11. Numbers have been subject to rounding adjustments. Source: Platinum Investment Management Limited.

Net Currency Exposures

CURRENCY	30 JUN 2019	31 MAR 2019
US dollar (USD)	44%	44%
Japanese yen (JPY)	17%	16%
Hong Kong dollar (HKD)	13%	13%
Euro (EUR)	11%	10%
British pound (GBP)	7%	7%
Korean won (KRW)	6%	6%
Indian rupee (INR)	6%	5%
Chinese yuan (CNY)	4%	4%
Canadian dollar (CAD)	2%	3%
Norwegian krone (NOK)	2%	3%
Thai baht (THB)	1%	1%
Swiss franc (CHF)	1%	1%
Australian dollar (AUD)	<1%	<1%
Chinese yuan offshore (CNH)	-14%	-15%

See note 5, page 11. Numbers have been subject to rounding adjustments. Source: Platinum Investment Management Limited.

Now, the other side to this trend is the amazing value on offer in the stocks left behind. Indeed, it's been a long time since so many large companies with solid industry positions trading on single digit P/E ratios could be bought at such low prices. However, the balancing factor is many of these companies are not perfect. In the short term, their businesses may be economically sensitive or operate in geographies that investors are worried about, like China.

In summary, on one hand we are faced with extreme valuations and crowding in the high growth and safety stocks, and on the other hand, we have solid companies in industries where there are imperfections - but have valuations so low you simply can't ignore them.

So, given the current market environment how should one invest today? One option is to follow the market and pile into growth and safety stocks at ever-higher prices. We don't think this is a sensible strategy from a future returns perspective. Nor do we think it's particularly safe. We believe investors who adopt this approach are merely replacing the perceived risk of cyclical with valuation risk.⁴

Instead, the Fund is buying into the value on offer, but prioritising the companies and industries that have very clear long-term growth drivers. Examples of this include:

1. **Semiconductors** - It's impossible to know what smartphone sales or the DRAM (type of semiconductor memory) price will be in six months' time. But it is highly likely that consumers in the future will want to buy 5G-enabled phones, software will continue to move to the cloud and there will be heavy investment in artificial

intelligence (AI). These drivers should mean these semiconductor companies are going to be bigger businesses in the future.

2. **China** – Our holdings in China are exclusively domestic-focused businesses, with no direct export risk. The rise of the middle class is highly likely to see Chinese consumers purchase more insurance from PICC Property & Casualty or have more e-commerce parcels delivered by ZTO Express in the future.
3. **Steady growth but at a reasonable price** – A good example is our recent purchase of Booking Holdings, the world's largest online travel agent, which was acquired on an EV⁵/net income multiple of 16x. It benefits from both Western consumers spending more on travel and the wave of Chinese outbound tourism.

We are also careful to maintain a balance of cyclical versus more stable businesses within the portfolio. For context, roughly 40% of the portfolio is invested in companies with cyclical exposure, with the other 60% in businesses that exhibit lower cyclical, or in cash.

The activity in the portfolio over the last quarter was consistent with this approach, as we have mainly looked for value across a number of different business types and situations. For example, we added to:

- **Skyworks** and **Micron** in semiconductors, with both bought on less than 10x earnings.
- **Momo**, which is a Chinese social media and dating platform. The business is growing at 30% p.a., has solid profits and trades on 12x earnings.

⁴ Coca Cola, Walmart, Microsoft or Pfizer provide a good example of this. In January 2000, these companies were growing, earning high returns on capital and had fortress businesses i.e. they were regarded as the bastions of American success and traded on 35-40x earnings. The music sounds very similar today. Subsequently these stocks either lost money or went sideways for 10-15 years as their P/Es derated from 35x to 15x.

⁵ Enterprise Value is a measure of a company's total market value. It equals to a company's market capitalisation plus net debt, minority interest and preferred equity, minus cash and cash equivalents.

Outlook

A common question posed to us is, **when will the market start to reward a value-based approach again?** The discussion usually moves to how the current situation of macro and political uncertainty, low interest rates and the influence of passive ETFs may produce different outcomes to the past. Rather than explain the specific factors present in the market today (refer to the Macro Overview for further details) we can instead look to history to establish the **base rate**⁶, which shows that a value-based approach to investing has been the most successful over the long term.

A value approach eventually won out in the tech bubble, the GFC and the European sovereign crisis. Notably, these were all periods that had unique situations and challenges that at the time felt very different to the past.

The portfolio has a vast number of holdings on extremely attractive starting valuations, and while this doesn't on its own predict when or if these businesses will be rewarded by the market, history has shown us that as long as we are right about the earnings potential of these businesses, good returns should be earned over the long run.

⁶ The base rate of probability is established by examining the outcome of similar situations over a long period of time. Humans have a natural tendency to focus on the specific situation/evidence of today when forecasting an outcome, often ignoring more general information, like the past probability of outcomes.

Macro Overview

by Andrew Clifford, Chief Investment Officer

Trade war dominates, distracts and detracts

The escalation of protectionist measures by the US government can only detract from economic prospects for the US and the rest of the world. The real question, however, is how significant will the collateral damage be and how readily can it be overcome by other policy measures? In spite of an agreement reached between US President Donald Trump and Chinese President Xi Jinping at the June G20 meeting, the uncertainty created by the trade dispute is likely to continue to weigh on investment decisions the world over.

The events of the last 18 months have created a chaotic environment for any business directly or indirectly involved in world trade. The US government first imposed China-specific tariffs of 25% on US\$50 billion of imports in July and August last year. In September, the US imposed 10% tariffs on a further US\$200 billion of imports from China, with a threat to escalate these to 25% in January 2019. Then in December, at the G20 meeting in Buenos Aires, the two governments reached an agreement to defer the January tariff increase as they worked towards a resolution.

When trade negotiations broke down in early May this year, the US moved swiftly to increase tariffs to 25% on the US\$200 billion of imports from China, and threatened to apply 25% tariffs to an additional US\$300 billion of imports, which was essentially the balance of the US's imports from China. Then at the end of June, at another G20 meeting, there was yet another agreement to negotiate and defer the next round of tariffs.

The US's trade war with China is only part of the story. The Trump government first imposed tariffs on imports of all solar panels and washing machines in January 2018. Tariffs on steel and aluminium imports (with only a handful of countries exempted) followed shortly after in March 2018. While beneficial for US producers of these goods, the tariffs were detrimental to US manufacturers, as steel and aluminium are essential inputs to their business, and they often compete globally against companies without such imposts. There are also the ongoing threats of tariffs on European auto producers. Closer to the US borders, Canada and Mexico needed to renegotiate the North American Free Trade Agreement (New NAFTA) and on signing, the US threatened to renege on the deal with Mexico over issues

relating to immigration. Most recently, the US government placed restrictions on the sale of US technology to Huawei, the world's largest producer of telecom and networking equipment. While theoretically based on national security issues, the decision now appears to be on hold post the June G20 meeting.

Implications for business investment

On face value, the one clear message to US businesses is they need to reduce their dependency on China as a source of supply, and indeed many companies are considering this. In theory, it sounds like a simple decision, but in reality, there are numerous challenges. These include, readily finding the quantity of labour with the requisite flexibility, as well as securing the full supply chain of services, such as design, packaging, logistics and financing, that are very well developed in China¹. Submissions by US businesses to the recent public hearings on the proposed 25% tariffs on the remaining US\$300 billion of China imports, highlight these challenges, with many simply seeing no alternatives to China for acquiring critical inputs to their business. The most likely pathway would be to pass on the tariffs to customers via higher prices with the potential to cause substantial damage to their business and a significant loss of revenues.

Nevertheless, some businesses will pursue alternative supply arrangements for their manufactured goods, which is a risk if a trade agreement is reached with China down the track, as they may be committed to less-than-ideal arrangements. This risk is clearly highlighted by threats to place tariffs on imports from Mexico if they don't meet the US's immigration demands. Until this point, Mexico probably ranked as the next best place to source manufactured goods after China. In such an environment of so much uncertainty, it seems highly likely that companies of all sizes, both in the US and elsewhere, will defer investment where possible until the trade issues have been resolved.

¹ See our reports, Observations from a Recent Trip to China, 1 May 2017, <https://www.platinum.com.au/Insights-Tools/The-Journal/observations-from-a-recent-trip-to-china> and Macro Overview, September 2018, https://www.platinum.com.au/PlatinumSite/media/Reports/pgfqtr_0918.pdf

The decision to place Huawei on the US "Entity List" in May, which effectively restricts the sale of American-made parts and components to Huawei, creates another more specific area of uncertainty. It is not clear to what extent the bans, will prevent Huawei from manufacturing its product lines, but its inability to access certain key components from US suppliers is likely to dramatically curtail its business. While telecommunication network operators could simply replace the Huawei product with a Samsung, Ericsson, Cisco, or Nokia product, in most cases the networks will need to be re-engineered so they are compatible, which may mean subsequent delays to other investments already in the pipeline.

In addition to the recent ban, legislation passed in the US in 2018 restricted the purchase of Huawei equipment by any entity accessing government funding, with a two-year deadline to remove Huawei equipment from expenditures. In early June this year, the Wall Street Journal reported that the White House's Acting US Budget Chief was looking to delay the deadline by a further two years due to difficulties in sourcing alternatives to Huawei equipment². Even where simple fixes are available, the sheer size of Huawei will limit competitors' ability to fill the gap quickly. As a result of the Huawei bans, investment in communication networks is expected to be on hold as operators look for alternatives. The Huawei bans are however, likely to have a much bigger impact on the broader economy. For every dollar spent on Huawei equipment, there are multiples of dollars spent on the equipment of other vendors and associated services.

² Source: "Acting US Budget Chief Seeks Reprieve on Huawei Ban", The Wall Street Journal, 10 June 2019

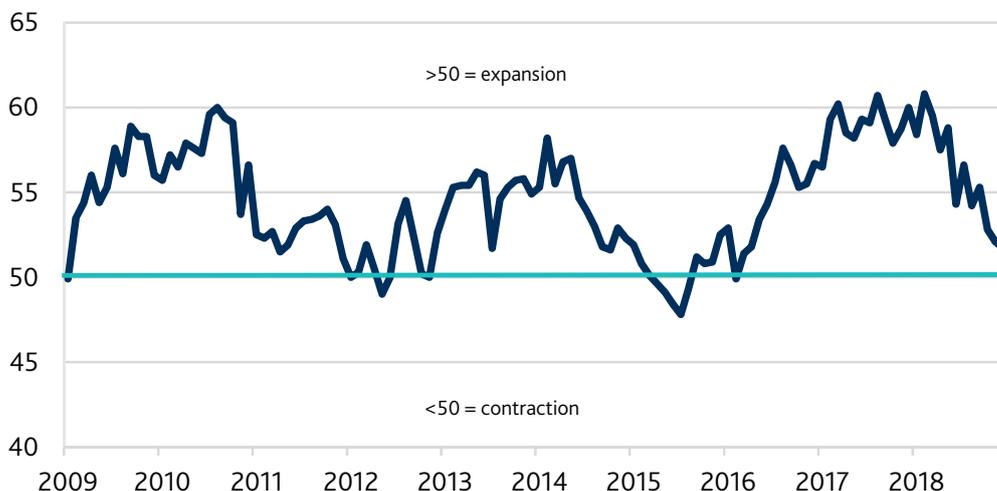
The agreement reached between the US and China at the most recent G20 meeting to delay the next round of tariff increases and place a hold on the Huawei ban while further negotiations take place, is undeniably good news. However, it hardly provides the certainty businesses need to make longer-term investment decisions. Ultimately, negative consequences for investment spending and economic growth in the US is to be expected. The US significantly increased tariffs as recently as May this year, which effectively acts as a tax on the US economy, and as such, will weigh on growth. These disruptions come at a time when the US manufacturing sector is already showing signs of weakness as evidenced by a leading survey of manufacturers, the Purchasing Managers' Index (PMI)³, which fell to a three-year low of 52 in June 2019, well down from 60 in August last year (see Fig. 1).

Monetary and fiscal measures could play a role

There are other variables at play though that could potentially offset the impact of the trade deliberations. Most notably, the US Federal Reserve and the European Central Bank have both backed away from tightening monetary policy this year. Markets are already pricing in a 70% probability of two to three interest rate cuts in the US this year. Governments are also likely to be more inclined to use fiscal policy via implementing tax cuts and/or increased spending, to encourage growth in the months ahead. These measures could potentially be enough to counter the negative consequences of the US trade policies.

³ The PMI is a good indicator of the economic health of the manufacturing sector, a reading above 50 implies an expansion in activity relative to the previous month and below 50 implies a contraction.

Fig. 1: ISM Manufacturing Purchasing Managers' Index - United States



Source: FactSet

In China, the economy is stabilising after a period of very tight monetary conditions in the first half of 2018, which were a result of the country's financial reforms. As discussed in past quarterly reports⁴, interest rates have fallen sharply in China over the past 18 months, signifying easier monetary conditions, and the government's fiscal stimulus is estimated at 3% of its output (i.e. GDP). While the economy has not responded with the same vigour as it has in past stimulus cycles, this reflects the impact of the trade situation, which has dampened both business and consumer confidence. If required, the Chinese government has the financial resources to add further stimulus to the financial system. As we learned in 2018, at the margin, China is at least as important, if not more so, than the US, in determining economic prospects for the rest of the world, reflecting its size and current growth rate. An optimistic tilt at the current situation is that the Chinese economy has performed well given the set of conditions that it has faced over the last 18 months. Even mildly stronger performance from the world's second largest economy is likely to improve economic conditions across much of the world.

⁴ https://www.platinum.com.au/PlatinumSite/media/Reports/pgfqtr_0319.pdf
https://www.platinum.com.au/PlatinumSite/media/Reports/pgfqtr_1218.pdf

MSCI Regional Index Net Returns to 30.6.2019 (USD)

REGION	QUARTER	1 YEAR
All Country World	3.6%	5.7%
Developed Markets	4.0%	6.3%
Emerging Markets	0.6%	1.2%
United States	4.1%	9.6%
Europe	4.7%	2.4%
Germany	7.1%	-3.8%
France	6.5%	3.0%
United Kingdom	0.9%	-2.0%
Italy	2.9%	-0.7%
Spain	2.6%	-2.1%
Russia	16.9%	27.1%
Japan	1.0%	-4.2%
Asia ex-Japan	-0.7%	-0.5%
China	-4.0%	-6.7%
Hong Kong	1.0%	10.4%
Korea	-0.9%	-9.1%
India	0.5%	7.9%
Australia	7.3%	6.5%
Brazil	7.2%	39.4%

Source: FactSet.

Total returns over time period, with net official dividends in USD.

Historical performance is not a reliable indicator of future performance.

Market Outlook

Not surprisingly, markets have responded to the trade developments by reverting to a highly risk-averse stance. Global government bond yields have fallen sharply, as central banks changed their stance on future interest rate moves and investors sought risk-free assets. In the equities markets, investors' desire to avoid uncertainty has continued to favour high-growth companies (predominantly technology companies), that are perceived to be immune to external influences. Safe havens, such as consumer staples, utilities, real estate, and infrastructure have also benefited. Conversely, businesses with any degree of cyclicality were sold off aggressively, notably semiconductor companies, which were impacted by the Huawei ban and auto companies, which remain at the centre of the trade disputes. Commodity stocks also sold off in line with lower metals and energy prices, which weakened on lower growth prospects.

The extremes in valuations are encapsulated well in two groups of stocks. The memory chip industry has in recent years consolidated to three players for DRAM (the memory

MSCI All Country World Sector Index Net Returns to 30.6.2019 (USD)

SECTOR	QUARTER	1 YEAR
Financials	5.8%	3.4%
Information Technology	5.2%	9.9%
Industrials	4.5%	6.3%
Consumer Discretionary	4.4%	4.2%
Materials	3.7%	0.0%
Communication Services	3.3%	13.0%
Consumer Staples	2.8%	9.2%
Utilities	2.6%	13.8%
Health Care	1.3%	9.6%
Energy	-1.1%	-7.7%

Source: FactSet.

Total returns over time period, with net official dividends in USD.

Historical performance is not a reliable indicator of future performance.

chips in PCs and data centre servers) and five players for flash memory or NAND (the memory chips in smartphones). The industry has extraordinary barriers to entry in terms of technological and industrial knowhow. Post consolidation, the profitability of the industry has improved dramatically though it remains a cyclical business. With a downturn in smartphone sales and spending on new data centres last year, memory chip prices have fallen and profits are expected to fall by around 50% or more this year. These stocks were sold off heavily last year, and again in recent months, as a result of trade tensions and the Huawei ban. Micron, one of the three producers of DRAM, recently traded close to book value, and on our assessment of likely profits, once the business recovers, was trading on 4 to 5x earnings. In our experience, this is a highly attractive valuation. This industry will grow as the demand for computing grows. On the other hand, e-commerce players and new software business models, which will drive the demand for DRAM and flash memory chips, are trading at extraordinary valuations. Last quarter we highlighted the software-as-a-service (SaaS) companies, many of which trade at valuations in the range of 15 to 25x sales. We believe the likelihood of any company growing their business fast enough for long enough to justify such a valuation is very low.

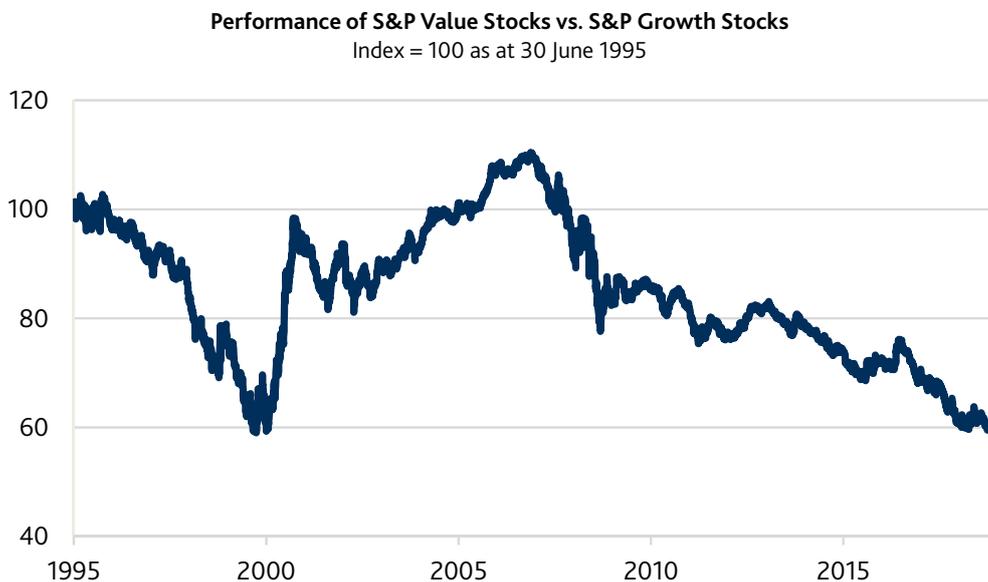
The contrasting stock market treatment of these two groups of companies is part of a longer-term market phenomenon of growth stocks outperforming value stocks. While we would usually avoid referring to this growth and value categorisation, it helps to highlight the dynamic of investors crowding into growth stocks and avoiding companies with any degree of cyclicity.

Figure 2 shows the performance of US growth stocks over US value stocks in the S&P 500 Index. The descending pattern in the chart over the last 12 years reflects the outperformance of growth over value, with growth stocks rising by far more than value stocks relentlessly since 2007. We would simply note that the last time we were at current levels was in 1999-2000. At this time, tech stock, Cisco Systems (networking equipment) traded at 190x earnings and Diageo (alcoholic beverages) traded on 12x earnings. Cisco's stock price subsequently fell 85% from its record high in March 2000, and today, remains 30% below its 2000 highs. Meanwhile, Diageo's stock price subsequently increased seven fold.⁵

In summary, there are significant parts of the global equity market that are trading at very high, in some cases even exorbitant, valuations. We can't be bearish enough on these particular companies. It is worth noting that the Nasdaq Stock Market in the US (home of many of the highly valued growth stocks, notably high-tech) has historically had a high correlation with US economic growth. On the other hand, there are groups of stocks globally that trade on attractive valuations versus historical averages. Most of these are cyclical businesses, and although the global economic outlook is problematic, as we outlined earlier in this commentary, our assessment is that their stock prices already more than reflect a recessionary environment.

⁵ Source: FactSet

Fig. 2: Value vs. Growth – Back to 1999-2000 Levels



Source: Bloomberg

The Journal

Visit www.platinum.com.au/our-products/PGF to find a repository of information about Platinum Global Fund (PGF), including:

- Distribution history and statements
- ASX releases and financial statements
- Monthly updates on PGF's investment performance, portfolio positioning and top 10 holdings

You can also find a range of thought-provoking articles and videos on our website. For ad hoc commentary on the latest market trends and investment themes, look up **The Journal** under **Insights & Tools**.

Recent highlights include:

- **Platinum Roadshow 2019¹**. Platinum held its 2019 capital city investor and adviser roadshow in May. A series of videos featuring our investment team in action and a presentation from Platinum's CEO and CIO, Andrew Clifford on how Platinum thinks about investing is now available online.
- **China is not in Crisis, it is reforming²**. Julian McCormack, Investment Specialist at Platinum, provides an interesting perspective on China. While China is frequently presented as a source of crisis or instability for the global economy, we see little evidence of crisis in China. The picture that is apparent to us is one of imperfection, not one of peril



¹ <https://www.platinum.com.au/Insights-Tools/The-Journal>

² <https://www.platinum.com.au/Insights-Tools/The-Journal/China-is-not-in-Crisis,-it-is-reforming>

Notes

Unless otherwise specified, all references to "Platinum" in this report are references to Platinum Investment Management Limited (ABN 25 063 565 006 AFSL 221935).

Some numerical figures in this publication have been subject to rounding adjustments. References to individual stock or index performance are in local currency terms, unless otherwise specified.

1. Fund returns are calculated using the Fund's net asset value (NAV) unit price (which does not include the buy/sell spread) and represent the Fund's combined income and capital returns over the specified period. Fund returns are net of fees and costs, are pre-tax, and assume the reinvestment of distributions.

Fund returns have been provided by Platinum. The MSCI All Country World Net Index (A\$) returns have been sourced from FactSet. Index returns are in Australian Dollars and are inclusive of net official dividends, but do not reflect fees or expenses. For the purpose of calculating the "since inception" returns of the Index, the Fund's inception date (8 September 2014) is used. Platinum does not invest by reference to the weightings of the Index, and Index returns are provided as a reference only. The Fund's underlying assets are chosen through Platinum's bottom-up investment process and, as a result, the Fund's holdings may vary considerably to the make-up of the Index.

The investment returns shown are historical and no warranty can be given for future performance. Historical performance is not a reliable indicator of future performance. Due to the volatility in the Fund's underlying assets and other risk factors associated with investing, investment returns can be negative, particularly in the short-term.

2. The investment returns depicted in this graph are cumulative on A\$10,000 invested in the Fund over the specified period relative to the MSCI All Country World Net Index in Australian Dollars.
3. The geographic disposition of assets represents, as a percentage of the Fund's net asset value, the Fund's exposures to the relevant countries/regions through direct securities holdings and long derivatives of stocks and indices. As the Fund does not undertake any short-selling, the Fund's net exposures are the same as its long exposures.
4. The table shows, as a percentage of the Fund's net asset value, the Fund's exposures to the relevant sectors through direct securities holdings and long derivatives of stocks and indices. As the Fund does not undertake any short-selling, the Fund's net exposures are the same as its long exposures.
5. The table shows the effective net currency exposures of the Fund's portfolio as a percentage of the Fund's net asset value, taking into account the Fund's currency exposures through securities holdings, cash, forwards, and derivatives. The table may not exhaustively list all of the Fund's currency exposures and may omit some minor exposures.
6. The table shows the Fund's top 10 long equity positions as a percentage of the Fund's net asset value, taking into account direct securities holdings and long stock derivatives. The designation "China" in the "Country" column means that the company's business is predominantly based in mainland China, regardless of whether the company's securities are listed on exchanges within mainland China or on exchanges outside of mainland China.

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