

## Facts

Portfolio value	\$8.67 bn
Fund commenced	30 April 1995
Minimum investment	A\$10,000 or NZ\$10,000
Regular Investment Plan (min.)	A/NZ\$5000 plus A/NZ\$200 mth/qtr
Income distribution date	Annual, 30 June
Unit valuation	Sydney Business Day
Unit prices C Class	App - 2.0034 Red - 1.9973
Unit prices P Class	App - 0.9534 Red - 0.9505

## Fees

Entry fee	Nil
Buy/sell spread	0.15%/0.15%
Fee:	C Class
	P Class
	Investment Management 1.35% p.a.
	Investment Performance N/A
	Investment Management 1.10% p.a.
	Investment Performance 15.00% p.a.*

\*of the amount by which the Fund's return exceeds its index return

## Performance<sup>1</sup>

	C Class %	P Class %	MSCI %
1 month	10.79	10.81	7.05
3 months	11.31	11.38	6.45
6 months	14.02	14.17	10.17
Calendar year to date	2.16	2.40	5.99
1 year	3.31	3.57	5.57
2 years (compound pa)	9.23	9.50	13.83
3 years (compound pa)	3.00	3.18	10.08
5 years (compound pa)	7.11		10.47
7 years (compound pa)	8.52		11.82
10 years (compound pa)	9.62		12.33
Since inception (compound pa)*	11.92	6.48	7.21

## Performance graph<sup>2</sup>



## Invested positions<sup>3</sup>

	Long %	Short %	Net %	Currency %
<b>Asia-Pacific</b>	<b>46.2</b>	<b>(0.6)</b>	<b>45.6</b>	<b>52.7</b>
Australia	3.6	(0.3)	3.3	3.8
China	16.5		16.5	17.5
Hong Kong	2.7		2.7	3.2
Taiwan	1.0		1.0	1.0
India	2.3		2.3	2.3
Japan	12.7		12.7	12.8
Korea	7.3		7.3	7.3
New Zealand		(0.3)	(0.3)	(0.3)
Thailand	0.2		0.2	0.2
China Renminbi Off Shore				4.9
<b>Europe</b>	<b>18.7</b>	<b>(0.2)</b>	<b>18.5</b>	<b>27.9</b>
Austria	1.2		1.2	
Belgium	0.1		0.1	
Denmark	0.4		0.4	0.4
Finland	1.4		1.4	
France	3.9		3.9	
Germany	4.1		4.1	
Ireland	1.7		1.7	
Italy	1.4		1.4	
Netherlands	0.0	(0.2)	(0.2)	
Norway	0.2		0.2	0.2
Spain	2.5		2.5	
United Kingdom	1.9		1.9	1.9
Euro				25.5
<b>North America</b>	<b>28.0</b>	<b>(13.7)</b>	<b>14.4</b>	<b>18.0</b>
Canada	2.1		2.1	2.3
United States	25.9	(13.7)	12.3	15.7
<b>Other</b>	<b>1.4</b>		<b>1.4</b>	<b>1.4</b>
Zambia	1.4		1.4	1.4
<b>Sub-Total</b>	<b>94.3</b>	<b>(14.4)</b>	<b>79.9</b>	<b>100.0</b>
<b>Cash</b>	<b>5.7</b>	<b>14.4</b>	<b>20.1</b>	
<b>Total</b>	<b>100.0</b>		<b>100.0</b>	<b>100.0</b>

## Top ten positions<sup>4</sup>

Stock	Country	Industry	%
Samsung Electronics Co Ltd	Korea	Info Technology	4.4
Ping An Insurance	China	Financials	3.3
General Electric Co	United States	Industrials	3.2
Glencore PLC	Australia	Materials	3.2
LG Chem Ltd	Korea	Materials	2.9
Micron Technology Inc	United States	Info Technology	2.8
Minebea Co Ltd	Japan	Industrials	2.7
Microchip Technology	United States	Info Technology	2.7
AIA Group Ltd	Hong Kong	Financials	2.7
Takeda Pharma Co	Japan	Health Care	2.1
<b>Total</b>			<b>30.1</b>

## Industry breakdown<sup>3</sup>

Sector	Long %	Short %	Net %
Industrials	22.1	(0.1)	22.1
Info Technology	17.3	(0.7)	16.6
Materials	15.1		15.1
Financials	13.8		13.8
Consumer Discretionary	11.1	(0.5)	10.6
Health Care	6.5		6.5
Communication Services	4.5		4.5
Real Estate	1.9		1.9
Energy	1.8		1.8
Utilities	0.2		0.2
Consumer Staples		(1.0)	(1.0)
Other		(12.2)	(12.2)

Long - 96 stocks, 2 swaps Short - 12 swaps, 1 index

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1. & 2. Source: Platinum for Fund returns and Factset Research Systems for MSCI returns. Investment returns are calculated using the Fund's NAV unit price (i.e. exclude a buy/sell spread) for C Class and P Class (as indicated), and represent the combined income and capital returns for each of these unit classes in the specified period. All returns are pre-tax, net of fees and costs and assume the reinvestment of distributions. Returns for P Class are net of any accrued investment performance fee. The returns are calculated relative to the MSCI All Country World Net Index in A\$ (the gross MSCI Index was used prior to 31/12/98). Since inception date for C Class is 30/04/95 and for P Class is 03/07/17. Since inception date of C Class has been used for the purposes of calculating since inception returns of the index. The investment returns depicted in the graph are cumulative on A\$20,000 invested in C Class units in the Fund since the C Class inception date. 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 geographic "Long %" is the exposure to long securities and long securities/index derivative positions, the geographic "Short %" is the exposure to short securities and short securities/index derivative positions and the geographic "Net %" is the difference between the geographic "Long %" and the geographic "Short %", each as a percentage of the market value of the Fund's portfolio. The "Currency %" is the effective currency exposure as a percentage of the market value of the Fund's portfolio taking into account long and short securities, cash, forwards and long and short securities/index derivative positions. The cash "Long %" includes cash at bank, cashflows expected from forwards and effective cash exposures resulting from long securities/index derivative positions, the cash "Short %" includes effective cash exposures resulting from short securities/index derivative positions and the cash "Net %" is the difference between the cash "Long %" and the cash "Short %", each as a percentage of the market value of the Fund's portfolio. 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".

4. The "Top ten positions" show the Fund's top ten long securities positions as a percentage of the market value of the Fund's portfolio (including long securities and long securities derivative positions).

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## Market update and commentary

- Second-best performing month for the Fund since 1999, with a return of 11%.
- Despite carrying shorts and cash, our stock picking meant we significantly outperformed a strong market (+7%).
- Increasing signs the market drivers are changing and rewarding cyclicals after a long trend favouring growth and defensives.

### Market Commentary

While the market move upward coincided with the US election result, which we might expect will lead to more traditional diplomatic engagement between the world's two superpowers, it was the successful COVID-19 vaccine trial results that provided the catalyst, for not only strong markets, but stronger performance for the portfolio.

Our quantitative work highlights that the key driver of rotation within the market was those stocks considered to lose out from COVID-19 versus those considered to be beneficiaries. This has benefited our portfolio, which is heavily exposed to economically sensitive stocks and particularly, our recent purchases in travel-related companies, along with chip-makers and materials.

What we are now seeing is the confluence of better recovery data than anyone would have expected a few months ago in the depths of lockdowns, increasing evidence that governments will abandon their fiscal restraint (which has been a key contributor to low inflationary pressures) in order to restore full employment, a vaccine putting a line under the worst-case scenarios, thus allowing the market to envisage more normal conditions by late 2021.

This data includes key drivers of the world's largest two economies, including the US housing sector, auto sales and car sales, and similarly in China, retail/auto sales, industrial activity and domestic travel, which tell a similar story. Commodity prices are expressing the story via higher copper and US steel prices. (Source: FactSet)

While the long-established trend (dull growth) has favoured particular stocks (i.e. growth and defensives), and we cannot entirely rule out a continuation, we are increasingly encouraged that we are moving towards a period in which the market recognises the economic recovery and rewards businesses that are sensitive to it. This should be beneficial for non-US equities (also benefiting from the weaker USD) and cyclicals, based on past experience.

We have made several comparisons with 1999, and it is interesting to note that November 2020 was the fourth-strongest performing month in the Fund's 25-year history and that three of its best five months were in 1999. At that time, as the technology bubble deflated, the Fund had a golden period – the "old economy" was a great place to find cheap stocks then, and perhaps economically sensitives are similar today.

Over 80% of the portfolio can be classified as belonging to the following thematic: Growth Industrials, Semiconductors, Travel-related, Chinese consumer, Healthcare, Internet-related (much reduced) and Metals.

### Performance Analysis

The last 12 months has been a "game of two halves". The period to May saw the Fund held back by investments in cyclical sectors (cost 10% from December-May), but these have rebounded strongly (adding 16% between June-November). October and November combined were the strongest two months relative to the market since the bottom of the bear market in February/March 2009.

It is encouraging to see the return of the long portfolio substantially ahead of the market over the last year. The cost of shorts has been disappointing, as we attempted to protect the portfolio but suffered from the momentum behind the mania in growth stocks.

The top contributors to returns were dominated by semiconductors (Samsung, Microchip, Micron, Skyworks), logistics (FedEx and ZTO Express), Facebook, Tencent, travel platform Amadeus, and the top stock overall was leading electric vehicle (EV) battery maker LG Chem.

1 year to 30 November 2020	Average Weight %	Contribution %
Long Positions	90	12
Short Positions	(12)	(9)
Cash / FX		2
Total (Fund, net of fees and costs)		3
Comparison (MSCI AC World Net Index (A\$))		6

Source: Platinum. Numbers for long and short positions are based on the total return of individual positions (in AUD) and do not take into account fees and costs (other than brokerage). Contribution numbers may not add up due to rounding and the effect of fees.

**Past performance is not a reliable indicator of future returns.**

### Valuation

Earnings forecasts at this stage may have less value than normal due to COVID-19 impacts, but we can still compare the portfolio to next year's (NTM) earnings to get a sense of its earnings power. There appears to be value in an absolute and relative sense.

Metric	Platinum International Fund	MSCI AC World Net Index (A\$)
NTM Earnings Yield	6.2% (Price-to-Earnings ratio of 16x)	5.1% (Price to Earnings ratio of 20x)
NTM Dividend Yield	2.3%	2.6%
Price-to-Book Ratio	1.7x	2.5x
Enterprise Value-to-Sales	1.5x	1.9x

The valuations in the table in respect of the Fund have been calculated by Platinum and refer to the long portion of the portfolio, exclude negative net earnings, and use FactSet consensus earnings.