

## FACTS

Portfolio value	\$7.15 bn
Fund commenced	30 April 1995
Minimum investment	A\$10,000 or NZ\$10,000
Regular Investment Plan (min.)	A/NZ\$5,000 plus A/NZ\$200 mth/qtr
Income distribution date	Annual, 30 June
Unit valuation	Sydney Business Day
Unit prices C Class	App - 1.9524 Red - 1.9465
Unit prices P Class	App - 0.9240 Red - 0.9212

## PERFORMANCE<sup>1</sup>

	C Class %	P Class %	MSCI %
1 month	7.9	8.0	2.9
3 months	9.3	9.4	5.8
6 months	5.1	5.3	4.4
Calendar year to date	2.2	2.4	(7.7)
1 year	4.1	4.4	(6.4)
2 years (compound pa)	6.3	6.6	7.7
3 years (compound pa)	5.3	5.6	7.0
5 years (compound pa)	4.3	4.5	9.1
7 years (compound pa)	6.9		9.7
10 years (compound pa)	11.5		13.6
Since inception (compound pa)	11.5	6.5	7.2

## INVESTED POSITIONS<sup>3</sup>

	LONG %	SHORT %	NET %	CCY %
<b>Asia-Pacific</b>	36.6	(4.3)	32.3	47.5
Australia	2.0	(2.0)	(0.1)	2.2
China	19.2		19.2	20.2
Hong Kong	0.1		0.1	0.8
Taiwan	0.1		0.1	0.1
India	2.2		2.2	2.2
Japan	8.2	(2.1)	6.1	18.7
Kazakhstan	0.3		0.3	0.3
New Zealand		(0.1)	(0.1)	(0.1)
South Korea	4.6		4.6	4.6
China Renminbi Offshore				(1.5)
<b>Europe</b>	27.1	(0.1)	26.9	30.7
Austria	2.7		2.7	
Belgium	0.1		0.1	
Denmark	0.1	(0.1)		0.1
Finland	3.0		3.0	
France	3.2		3.2	
Germany	4.4		4.4	
Ireland	0.7		0.7	
Italy	2.5		2.5	
Monaco	0.4		0.4	
Netherlands	2.8		2.8	
Sweden	0.1		0.1	0.1
Switzerland	1.0		1.0	1.0
United Kingdom	6.3		6.3	9.5
Euro				20.0
<b>North America</b>	17.4	(14.4)	3.0	19.8
Canada	2.0		2.0	2.4
United States of America	15.3	(14.4)	1.0	17.4
<b>Other</b>	2.0		2.0	2.0
<b>Sub-Total</b>	83.0	(18.8)	64.3	100.0
<b>Cash</b>	17.0	18.8	35.7	
<b>Total</b>	100.0		100.0	100.0

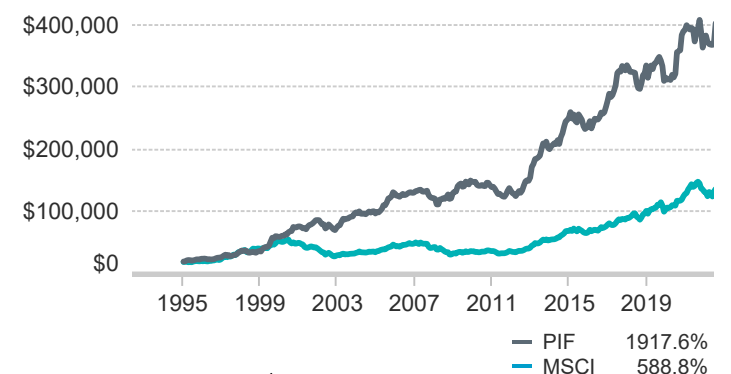
Long - 125 stocks, 2 swaps, 1 option, 2 other Short - 35 swaps, 2 indices

## FEES

Entry fee	Nil
Buy/sell spread	0.15%/0.15%
C Class	Investment management 1.35% p.a. Investment performance N/A
P Class	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 GRAPH<sup>2</sup>



## TOP TEN POSITIONS<sup>4</sup>

STOCK	COUNTRY	INDUSTRY	%
ZTO Express Cayman Inc	China	Industrials	3.8
Microchip Technology Inc	United States	Info Technology	3.4
UPM-Kymmene OYJ	Finland	Materials	3.0
Ping An Insurance Group	China	Financials	2.8
Minebea Co Ltd	Japan	Industrials	2.5
Shell PLC	Netherlands	Energy	2.4
LG Chem Ltd	South Korea	Materials	2.3
Intesa Sanpaolo SpA	Italy	Financials	2.3
Samsung Electronics Co	South Korea	Info Technology	2.2
InterGlobe Aviation Ltd	India	Industrials	2.2
<b>Total</b>			26.9

## INDUSTRY BREAKDOWN<sup>3</sup>

SECTOR	LONG %	SHORT %	NET %
Industrials	17.7	(1.5)	16.2
Financials	15.5	(1.3)	14.1
Materials	10.2		10.2
Consumer Discretionary	11.8	(4.0)	7.8
Energy	6.8		6.8
Information Technology	10.5	(6.4)	4.1
Health Care	3.7		3.7
Communication Services	3.8	(0.9)	2.8
Real Estate	2.6		2.6
Consumer Staples	0.5	(0.3)	0.2
Other		(4.3)	(4.3)

Platinum Investment Management Limited ABN 25 063 565 006 AFSL 221935, trading as Platinum Asset Management ("Platinum") is the responsible entity of the Platinum International Fund (the "Fund"). The Fund's latest Product Disclosure Statement (the "PDS") provides details about the Fund. You can obtain a copy of the PDS from Platinum's website [www.platinum.com.au](http://www.platinum.com.au), or by contacting Investor Services on 1300 726 700 (Australian investors only), or 0800 700 726 (New Zealand investors only), or 02 9255 7500, or via [invest@platinum.com.au](mailto:invest@platinum.com.au). The Fund's target market determination is available at [www.platinum.com.au/Investing-with-Us/New-Investors](http://www.platinum.com.au/Investing-with-Us/New-Investors). 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 have been subject to rounding. Platinum does not guarantee the performance of the Fund, 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 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 "Long %" is the exposure to long securities and long securities/index derivative positions, the "Short %" is the exposure to short securities and short securities/index derivative positions and the "Net %" is the exposure to long and short securities and long and short securities/index derivative positions, 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. 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 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).

All data where MSCI is referenced is the property of MSCI Limited ("MSCI"). No use or distribution of this data is permitted without the written consent of MSCI. This data is provided "as is" without any warranties by MSCI.

MSCI assumes no liability for or in connection with this data. Please see full MSCI disclaimer in <https://www.platinum.com.au/Special-Pages/Terms-Conditions>

## MARKET UPDATE AND COMMENTARY

- The Fund delivered a strong 8% return for the month and is up 2% for the calendar year to date in a down market.
- For the calendar year to date, shorts have provided considerable cushioning in weak markets.
- Looking forward, there are exciting opportunities on the long side, but we remain wary of further market weakness.

### Market Commentary

The Fund rallied strongly as Chinese markets bounced on continued stimulus announcements and the potential for an easing in COVID restrictions. China continues to be top of mind for investors. As we noted last month, we were surprised at the market's negative reaction to the 20<sup>th</sup> National Congress of the Chinese Communist Party. We continue to believe that China is a much under-owned and unloved stock market, and we remain confident in the Chinese businesses we hold. China remains in a different part of its economic cycle from economies in the West, and the government is taking clear steps to stimulate the economy, particularly the property sector. It appears the civil unrest over the COVID lockdowns has subsided, however, we will continue to monitor events.

It is clear to us that the rate rises in the US are causing real damage to the economy, and we believe that cuts are unlikely any time soon given the risk of reigniting inflationary pressures. The Chicago purchasing managers' index (PMI) reading of 37 in November, down from 45 the previous month and 52 just three months ago, indicates the weakness in the economy (Source: FactSet). The PMI is a monthly survey of purchasing managers in the manufacturing sector; a reading above 50 indicates an expansion in economic activity, while a reading below 50 indicates a contraction. Looking at the sector performance of the S&P 500 index during the month, there were further signs of a distinct change in market leadership in 2022, with materials and industrials leading the market higher and technology stocks lagging (Source: FactSet).

History now shows we had an extraordinary speculative bull market in the US that was driven by a massive amount of monetary and fiscal stimulus. We expect a long and volatile bear market with similar losses to other major cycles. We see a very difficult period ahead for corporate profits and earnings. With funding markets tighter, many business models that are reliant on easy money are now compromised, and there are several opportunities to short here. The bankruptcy of crypto exchange FTX could be one of the first dominoes to fall, marking the bottom of this cycle.

In recent weeks, our net exposure fell to 64% reflecting an increase in our short book, which remains dynamic and aims to protect capital. We continue to buy stocks that we think offer good value, but also hold more cash than we have historically, as we are cognisant of likely opportunities ahead.

We remain excited by opportunities across decarbonisation, semiconductors, travel, Chinese consumers, financials, and growth industrials. The short book is a collection of stocks with what we see as alarming fundamentals and/or valuations, mostly in the technology and consumer areas.

### Performance Analysis\*\*

The portfolio has benefited from its broad tool kit during this year's market sell-off, with shorts contributing 9% to returns for the calendar year to date (CYTD), providing considerable cushioning. These were skewed towards expensive growth stocks, which had been hot for some time leading into late 2021. The broad de-rating of equities, coincident with rising bond yields, meant the long side of the portfolio was not immune to the -8% CYTD market sell-off. This is consistent with our experience in the two large bear markets of 2000-03 and 2007-09. On the positive side, within the long portfolio, the top contributors for the CYTD include Glencore (mining, commodities trading), Mosaic (fertiliser), Beazley (specialist insurer), China Overseas Land & Investment (residential property developer), and Shell (energy).

### Valuation

The portfolio's aggregate valuation metrics are attractive in both an absolute sense and relative to the market, with a 35% higher starting earnings yield and a 40% discount on an asset basis (see table below).

Metric	Platinum International Fund	MSCI AC World Net Index (A\$)
NTM Earnings Yield	8.9% (Price-to-Earnings ratio of 11.2x)	6.6% (Price-to-Earnings ratio of 15.1x)
NTM Dividend Yield	3.0%	2.7%
Price-to-Book Ratio	1.5x	2.5x
Enterprise Value-to-Sales	1.3x	1.6x

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. As at 30 November 2022. NTM = next twelve months.

\*Market returns throughout this report refer to the MSCI AC World Net Index in A\$. Source: FactSet.

\*\*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.**