

# Platinum Investment Bond - APIR Code: LIF2561AU

## Platinum International Fund

MONTHLY REPORT 31 January 2025



### FACTS

Option commenced	23 March 2021
Unit valuation	Adelaide Business Day

### FEES

Investment management fee	1.05% p.a.
Administration fee	0.30% p.a.
Investing transaction costs	0.30% on contributions

### PERFORMANCE

Please refer to <https://www.australianunity.com.au/wealth/platinum> for latest performance, portfolio value and net asset value information.

### INVESTED POSITIONS OF PLATINUM INTERNATIONAL FUND<sup>1,2</sup>

DESCRIPTION	LONG %	SHORT %	NET %	CCY %
<b>Asia-Pacific</b>	<b>37.5</b>	<b>(0.7)</b>	<b>36.8</b>	<b>45.7</b>
China	19.9		19.9	19.9
Hong Kong				1.2
Japan	3.7		3.7	10.8
Macao	2.7		2.7	2.7
South Korea	6.3		6.3	6.3
Taiwan	4.1		4.1	4.1
Other Asia-Pacific	0.8	(0.7)	0.2	0.7
<b>Europe</b>	<b>30.2</b>		<b>30.2</b>	<b>30.3</b>
Austria	2.2		2.2	
Denmark	2.9		2.9	2.9
Euro				9.2
Finland	3.6		3.6	
Italy	1.2		1.2	
Netherlands	1.4		1.4	
Switzerland	5.0		5.0	5.0
United Kingdom	13.4		13.4	13.1
Other Europe	0.5		0.5	0.0
<b>North America</b>	<b>24.2</b>	<b>(10.4)</b>	<b>13.9</b>	<b>23.2</b>
Canada	2.4		2.4	3.2
United States of America	21.8	(10.4)	11.4	20.1
<b>Other</b>	<b>0.8</b>		<b>0.8</b>	<b>0.8</b>
<b>Sub-Total</b>	<b>92.8</b>	<b>(11.0)</b>	<b>81.8</b>	<b>100.0</b>
<b>Cash</b>	<b>7.2</b>	<b>11.0</b>	<b>18.2</b>	
<b>Total</b>	<b>100.0</b>		<b>100.0</b>	<b>100.0</b>

49 Long Positions, 18 Short Positions

### TOP 10 POSITIONS OF PLATINUM INTERNATIONAL FUND<sup>4,5</sup>

STOCK	COUNTRY	INDUSTRY	NET %
Alphabet Inc	United States	Comm Services	5.1
Taiwan Semiconductor	Taiwan	Info Technology	4.1
TransUnion	United States	Industrials	3.9
ZTO Express Cayman Inc	China	Industrials	3.8
Samsung Electronics Co	South Korea	Info Technology	3.7
Allfunds Group Plc	UK	Financials	3.6
UBS Group AG	Switzerland	Financials	3.6
UPM-Kymmene OYJ	Finland	Materials	3.6
St James Place PLC	UK	Financials	3.5
JD.com Inc	China	Cons Discretionary	3.5
<b>Total</b>			<b>38.3</b>

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

SECTOR	LONG %	SHORT %	NET %
Financials	27.8	(0.9)	26.9
Industrials	16.0	(2.3)	13.7
Information Technology	12.8	(2.7)	10.1
Consumer Discretionary	9.6	(1.3)	8.3
Communication Services	8.0		8.0
Energy	5.5		5.5
Materials	4.8		4.8
Real Estate	3.9		3.9
Consumer Staples	2.8		2.8
Health Care	1.5	(0.3)	1.2
<b>Other</b>		<b>(3.5)</b>	<b>(3.5)</b>

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](https://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.

<sup>1,3</sup> 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".

<sup>2,4</sup> 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.

<sup>5</sup> 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).

Position counts represent aggregated securities holdings, obtained through both direct securities holdings and indirect securities holdings via equity derivatives. 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

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

- The Fund returned 0.7% in January 2025, with European and US long positions the main contributors.
- The US market swung dramatically as the Trump rally was interrupted thanks to the emergence of DeepSeek, a seemingly low-cost Chinese alternative to Chat-GPT and other large language models (LLMs). DeepSeek could reshape the US-centric AI narrative that has underpinned the extraordinary performance of Nvidia and other Mag Seven stocks.

#### Market Overview

Global markets rose in AUD terms in January (MSCI AC World +2.6%). Unusually, the US (MSCI US +3.0%, S&P500 +2.7%) lagged the rest of the world (MSCI AC World ex-US +3.8%).

The US market swung dramatically in January. President Trump's pro-business agenda, and his 'golden age for the US' speech at the World Economic Forum propelled the US S&P500 to a record close on January 23rd. That rally faltered on January 27th as investors digested the emergence of Deep Seek, a Chinese AI competitor to Chat-GPT and other LLMs. The emergence of this new competitive threat in the AI space – plus President Trump's proposed export restrictions on Nvidia's China-specific H20 chips – led to the realisation that markets may have been dangerously extrapolating Nvidia's market dominance and future profitability. In a single day, Nvidia shed US\$589bn in market value (a new record) as the stock fell 17% (source: Forbes) and the NASDAQ fell around 6%.

In recent years, European markets have been seen as less interesting given the dominance of the AI/US tech narrative. However, this proved a benefit when technology stocks cratered in January – technology stocks make up around 8% of the MSCI AC Europe Index vs 31% for MSCI USA (source: MSCI, 31/01/25 data). We saw many strong company earnings results and improving regional data in PMIs, retail sales and inflation. The European export sector continues to benefit from stronger global growth and a weaker Euro. In January the MSCI AC Europe was up nearly 7%.

In Asia, South Korea (MSCI Korea +5%) and Taiwan (MSCI Taiwan +3%) performed well, and the announcement of lower-than-feared 10% tariffs on US imports from China was positive (MSCI China +1%). India - where we have struggled to find investments at attractive valuations - posted its fourth consecutive monthly fall (MSCI India down -2%), as the outlook for the economy and company earnings deteriorated. Japan was flat.

#### Performance Analysis

Our European financials were strong, with British advice and wealth management company, St. James's Place up 21%. Swiss financial services giant UBS (+17%), and Austrian retail bank, Raiffeisen Bank (+11%) also did well. Swiss luxury goods maker Richemont was a strong contributor – up 28%. In the US, our holdings in Alphabet (+8%), Transunion (+7%) and Intercontinental Exchange (+7%) were also top 10 contributors.

Concerns around trade frictions meant our Chinese stocks including Tencent, ZTO Express and Ping An Insurance were all down 5-10%. Online retailer JD.com (+15%) was a bright spot. Sports footwear and apparel company Puma (-31%) disappointed – new product launches have lacked impact and management announced a delay in the recovery of profitability. We chose to exit the position. The Fund's short positions were a small detractor for the month.

The Nvidia/AI correction was a reminder of the overly concentrated shape of global markets (the US exposure is 66% of MSCI's All Country World Index and 74% of the Developed Market World Index). Tech sector exposure is at 25% for each index (Source: MSCI, 31/01/25 data). We remain focused on valuation disciplines as the market environment is reminiscent of that seen during the 2021 bubble peak.

#### An attractively valued portfolio

The portfolio's aggregate valuation metrics are attractive in an absolute sense and relative to the market, with a 67% higher earnings yield and a 52% discount on a price-to-book basis.

Metric	Platinum International Fund	MSCI AC World Net Index (A\$)
NTM Earnings Yield	9.0% (Price-to-Earnings ratio of 11.1x)	5.4% (Price-to-Earnings ratio of 18.4x)
NTM Dividend Yield	2.6%	1.9%
NTM Enterprise Value-to-Sales	1.8x	2.7x
LTM Price-to-Book Ratio	1.6x	3.3x

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 January 2025. 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.**