

Platinum Global Fund

ARSN 600 630 537

Annual Report - 30 June 2022

Platinum Global Fund

ARSN 600 630 537

Annual Report - 30 June 2022

Contents

	Page
Responsible Entity Report	2
Auditor's Independence Declaration	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10
Directors' Declaration	27
Independent Audit Report	28

These financial statements cover Platinum Global Fund ('PGF') as an individual entity. The responsible entity of PGF is Platinum Investment Management Limited (ABN: 25 063 565 006). The responsible entity's registered office is Level 8, 7 Macquarie Place, Sydney NSW 2000.

Responsible Entity Report

The Directors of Platinum Investment Management Limited (trading as Platinum Asset Management®) ABN 25 063 565 006 AFSL 221935, the responsible entity of the Platinum Global Fund present its report, together with the financial statements of Platinum Global Fund (the “Fund”) for the year ended 30 June 2022.

Principal Activities

Platinum Global Fund is part of the mFund Settlement Service (“mFund”) offered by the Australian Securities Exchange (“ASX”). mFunds are unlisted managed funds that investors can access through a broker or directly with Platinum.

The principal activity of the Fund during the year was the investment of funds internationally into securities of companies, in accordance with the Product Disclosure Statement (“PDS”) and the Constitution.

The Fund was registered on 22 July 2014 and commenced trading on 5 September 2014.

The Fund did not have any employees during the year.

There were no significant changes in the nature of the Fund’s activities during the year.

Directors of the Responsible Entity

The Directors of Platinum Investment Management Limited (“PIML”) during the year and up to the date of this report, unless otherwise stated were:

Andrew Clifford
Elizabeth Norman
Andrew Stannard

Significant Changes in the State of Affairs

There were no significant changes to the state of affairs of the Fund during the year.

Operating and Financial Review (“OFR”)

The Fund has predominantly maintained its investment strategy in listed equities and currency contracts.

The Quarterly Investment Manager’s Reports provide further detail on the performance during the year and are available at: www.platinum.com.au.

The performance of the Fund, as represented by the results of its operations for the year ended 30 June 2022, was as follows:

	Year ended	
	30 June 2022	30 June 2021
Net operating profit/(loss) (\$’000)	(6,145)	12,735
Distribution Paid and Payable (\$’000)	1,963	3,618
Distribution (cents per unit)	6.91	11.92
Redemption Price – (cum-distribution) (dollar per unit)	1.2600	1.5887

The method of operating the Fund is not expected to change in the foreseeable future.

Matters subsequent to the end of the year

No matter or circumstance has arisen since 30 June 2022 that has significantly affected or may significantly affect:

- (i) the operations of the Fund in future years; or
- (ii) the results of those operations in future years; or
- (iii) the states of affairs of the Fund in future years.

Likely developments and expected results of operations

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the PDS of the Fund and in accordance with the provisions of the Fund Constitution.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Fund with regard to insurance cover provided to either the Investment Manager, Platinum Investment Management Limited, or the Auditor, PricewaterhouseCoopers, of the Fund. As long as the officers of the responsible entity act in accordance with the scheme's Constitutions and the Law, they remain fully indemnified out of the assets of the Fund against any losses incurred while acting on behalf of the Fund. The Auditor of the Fund is in no way indemnified out of the assets of the Fund.

Fees paid to and interests held in the Fund

Fees paid to the responsible entity out of Fund's property during the year are disclosed in Note 12 to the financial statements. No fees were paid out of the Fund's property directly to the Directors of the responsible entity during the year.

Units on issue

The movements in units on issue in the Fund during the year have been disclosed in Note 5 to the financial statements.

Environmental, Social & Governance ("ESG") Reporting

Unitholders are encouraged to read the Investment Manager's Corporate Responsibility and Sustainability Report which is available at <https://www.platinum.com.au/About-Platinum/ptm-shareholders>.

It is noted that the Fund is not subject to any significant environmental regulation under Commonwealth, State or Territory laws.

Rounding of amounts to the nearest thousand dollars

The Fund is a kind referred to in ASIC Corporations (*Rounding in Financial/Directors' Reports*) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with this Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is attached on page 5.

This report is made in accordance with a resolution of the Directors.



Andrew Stannard

Director

Sydney
31 August 2022



Auditor's Independence Declaration

As lead auditor for the audit of Platinum Global Fund for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'CJ Cummins', written over a horizontal line.

CJ Cummins
Partner
PricewaterhouseCoopers

Sydney
31 August 2022

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au
Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124
T: +61 2 9659 2476, F: +61 2 8266 9999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Statement of Comprehensive Income

	Note	Year ended	
		30 June 2022 \$'000	30 June 2021 \$'000
Investment income			
Dividends		827	660
Net gains/(losses) on financial assets at fair value through profit or loss		(6,853)	12,614
Net foreign exchange gains/(losses) on forward currency contracts		156	241
Net foreign exchange gains/(losses) on bank accounts		424	(89)
Total net investment income		<u>(5,446)</u>	<u>13,426</u>
Expenses			
Management fee	12	574	589
Withholding tax on foreign dividends		83	72
Transaction costs		38	29
Interest expense		2	1
Other		2	-
Total expenses		<u>699</u>	<u>691</u>
Net operating profit/(loss)		<u>(6,145)</u>	<u>12,735</u>
Other comprehensive income		-	-
Total comprehensive income		<u>(6,145)</u>	<u>12,735</u>

The above Statements of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

	Note	As at	
		30 June 2022 \$'000	30 June 2021 \$'000
Assets			
Cash and cash equivalents	13(a)	7,793	4,760
Receivables	7	112	129
Financial assets at fair value through profit or loss	4	<u>27,979</u>	<u>43,452</u>
Total Assets		<u>35,884</u>	<u>48,341</u>
Liabilities			
Unitholders' distribution payable	6	1,963	3,618
Payables	8	<u>46</u>	<u>54</u>
Total Liabilities		<u>2,009</u>	<u>3,672</u>
Net Assets Attributable to Unitholders - Equity	5	<u>33,875</u>	<u>44,669</u>

The above Statements of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

	Note	Year ended	
		30 June 2022 \$'000	30 June 2021 \$'000
Total equity at the beginning of the year		<u>44,669</u>	<u>38,159</u>
Profit/(loss) for the year		<u>(6,145)</u>	<u>12,735</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>(6,145)</u>	<u>12,735</u>
Transactions with equity holders			
Applications	5	1,612	2,049
Redemptions	5	(5,649)	(5,305)
Units issued upon reinvestment of distribution	5	1,352	649
30 June distribution paid/payable	6	<u>(1,963)</u>	<u>(3,618)</u>
Total transactions with unit holders		<u>(722)</u>	<u>1,011</u>
Total equity at the end of the year		<u>33,875</u>	<u>44,669</u>

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

	Note	Year ended	
		30 June 2022 \$'000	30 June 2021 \$'000
Cash flows from operating activities			
Purchase of financial assets		(18,228)	(20,582)
Proceeds from sale of financial assets		27,031	27,171
Interest paid		(2)	(1)
Dividends received		712	554
Management fees paid		(588)	(583)
Other expenses paid		(30)	(29)
Net cash inflow from operating activities	13(c)	<u>8,895</u>	<u>6,530</u>
Cash flows from financing activities			
Proceeds from units issued	5	1,612	2,049
Payment for units redeemed	5	(5,649)	(5,305)
Distributions paid	6	(2,266)	(1,224)
Net cash outflow from financing activities		<u>(6,303)</u>	<u>(4,480)</u>
Net increase in cash and cash equivalents		2,592	2,050
Cash and cash equivalents at the beginning of the year		4,760	2,857
Effects of exchange rate changes on cash and cash equivalents		441	(147)
Cash and cash equivalents at the end of the year	13(a)	<u>7,793</u>	<u>4,760</u>
Non-cash financing activities	13(b)		

The above Statements of Cash Flows should be read in conjunction with the accompanying notes.

	Page	
1	General information	11
2	Summary of significant accounting policies	11
3	Auditor's remuneration	15
4	Financial assets at fair value through profit or loss	15
5	Net assets attributable to unitholders	16
6	Distributions paid and payable	17
7	Receivables	17
8	Payables	17
9	Financial risk management	17
10	Fair value measurement	22
11	Key management personnel disclosures	24
12	Related parties	24
13	Cash and Cash Equivalents	25
14	Events occurring after the statements of financial position date	26
15	Contingent assets, liabilities and commitments	26

1 General information

Platinum Investment Management Limited (ABN 25 063 565 006 AFSL 221935) is the responsible entity of the Fund. The registered office is Level 8, 7 Macquarie Place, Sydney, NSW 2000.

The fund may be wound up on the day immediately preceding the 80th anniversary of the date of commencement 8 September 2014, unless terminated earlier in accordance with the provisions of the Constitution.

The financial report was authorised for issue by the Directors of the responsible entity on 31 August 2022. The Directors have the power to amend the financial report after issue.

2 Summary of significant accounting policies

(a) Basis of preparation of the financial statements

The financial statements are general purpose financial statements and have been prepared in accordance with the requirements of the Fund's Constitution, Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. The Fund is a for-profit entity for the purpose of preparing the financial report.

The financial statements have been prepared on a historical cost basis, except for financial assets and liabilities measured at fair value.

The Statement of Financial Position is presented on a liquidity basis. Specifically, assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All investment-related balances are expected to be recovered or settled within 12 months, except for financial assets at fair value through profit or loss and net assets attributable to unitholders.

The Fund manages financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, a precise estimate of that amount cannot be determined as at balance date.

In the case of net assets attributable to unitholders, the units are redeemed on demand at the unitholder's discretion. However, it is recommended that holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

(i) Compliance with International Financial Reporting Standards

The financial statements of the Fund also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(ii) New and amended accounting standards adopted by the Fund

There are no new standards, interpretations, or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2021 that have a material impact on the amounts recognised in the prior periods, or will affect the current or future periods.

(iii) New Accounting Standards and Interpretations not yet mandatory for the 30 Jun 2022 reporting period.

A number of other new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 July 2022 and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

(iv) Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, which management believes to be reasonable under the circumstances. Areas of judgement include:

2 Summary of significant accounting policies (continued)

(a) Basis of preparation of the financial statements (continued)

(iv) Critical accounting judgements, estimates and assumptions (continued)

- Fair value measurement; and
- Financial assets/liabilities at fair value through profit or loss.

(b) Financial Assets and Liabilities at Fair Value through Profit or Loss

(i) Recognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement and recognises changes in the fair value of financial assets or financial liabilities from this date. Investments are derecognised when the contractual right to receive cash flows from the investments have expired or have been transferred, and the Fund has transferred substantially all of the risks and rewards of ownership.

(ii) Measurement

At initial recognition, the Fund measures financial assets and financial liabilities at fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statements of Comprehensive Income.

Subsequent to initial recognition, gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the Statements of Comprehensive Income within "net (losses)/gains in equities and derivatives at fair value through profit or loss" or "net (losses)/gains on foreign currency forward contracts" in the period in which they arise.

(c) Transaction costs

Initial measurement (cost) on acquisition of trading securities shall not include directly attributable transaction costs, such as fees and commissions paid to agents. Incremental transaction costs on financial assets at fair value through profit or loss are expensed immediately.

(d) Net assets attributable to unitholders

Units are redeemable at the unitholder's option, however applications and redemptions may be suspended by the responsible entity if it is in the best interests of the unitholders. The units are classified as equity as the Fund has only one class of units and no contractual obligation to pay distributions.

(e) Foreign currency translation

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which they operate (the "functional currency"). This is the Australian dollar, which reflects the currency of the country that the Fund is regulated, funds are raised and distributions are paid. The Australian dollar is also the Fund's presentation currency.

Transactions denominated in foreign currencies are translated into Australian currency at the rates of exchange prevailing on the date of the transaction. Foreign currency assets and liabilities are translated at the closing exchange rates at the date of the Statements of Financial Position. Resulting exchange differences are brought to account in determining profit and loss for the year.

2 Summary of significant accounting policies (continued)

(f) Investment income

(i) Interest Income

Interest income is recognised in the Statements of Comprehensive Income, using the active interest rate available on the bank accounts held at various locations throughout the world.

(ii) Dividend Income

Dividend income is brought to account on the applicable ex-dividend date.

(g) Distributions

Unitholders will be taxed on the income of the AMIT 'attributed' to them by the Responsible Entity.

The responsible entity intends to fully distribute any attributable income to unitholders by cash or reinvestment. Attributable income is determined by reference to the taxable income of the Fund.

(h) Goods and Services Tax ("GST")

The GST paid on the costs of various services provided to the Fund, such as Investment Management fees, have been passed onto the Fund. Investment Management fees have been recognised in the Statement of Comprehensive Income net of the amount of GST recoverable from the Australian Taxation Office ("ATO"). GST recoverable from the ATO at reporting date is included in receivables in the Statement of Financial Position. Cash flows relating to GST are included in the Statement of Cash Flows on a gross basis.

(i) Receivables

Receivables include proceeds from the sale of financial assets, dividends, GST, Indian Capital Gains Tax and interest receivable. All receivables are recognised when a right to receive payment is established. Receivables are generally received within 30 days of being recognised as a receivable.

(j) Payables

All payables are recognised as and when the Fund becomes liable.

Amounts due to brokers represent payables for securities purchased that have been contracted for, but not yet delivered by the reporting date. Trades are recorded on trade date. Payables on purchase of investments are usually paid between 2 and 5 days after trade date.

(k) Applications and redemptions

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed. The redemption price is determined by reference to the net assets of the Fund divided by the number of units on issue at or immediately prior to close of business each day. Issues and redemptions of units are processed simultaneously.

(l) Rounding of amounts to the nearest thousand dollars

The Fund is of a kind referred to in ASIC Corporations (*Rounding in Financial/Directors' Reports*) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in these financial statements have been rounded off in accordance with this Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

2 Summary of significant accounting policies (continued)

(m) Cash and cash equivalents

For the purposes of the Statements of Cash Flows, cash includes deposits held at call with financial institutions, cash held in margin accounts and other short term, highly liquid investments with original maturities of 3 months or less that is readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

Payments and receipts relating to the purchase and sale of financial assets are classified as “cash flows from operating activities” as realised and unrealised gains (and losses) on financial assets represent the Fund’s main operating activity.

(n) Offsetting a financial asset and a financial liability

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(o) Income tax

Under current tax legislation, the Fund is not subject to income tax as unitholders will have the income of the Fund attributed to them.

The Fund currently incurs withholding taxes imposed by certain countries on foreign dividend income and capital gains. Such income or gains are recorded gross of withholding taxes in the Statements of Comprehensive Income.

(p) Unitholders’ funds

Units are redeemable at the unitholder’s option and are classified as equity as the Fund has only one class of units and no contractual obligation to pay distributions.

A unitholder can redeem units at any time for cash based on the redemption price, which is equal to a proportionate share of the unitholders’ funds.

The units are carried at the redemption amount that is payable at the end of the reporting period if the unitholders exercise the right to redeem the units in the Fund.

(q) Increase/(decrease) in unitholders’ funds

Movements in unitholders’ funds are recognised in the Statement of Changes in Equity.

Apart from the above, the accounting policies adopted are consistent with those of the previous financial year and the corresponding interim reporting period.

3 Auditor's remuneration

During the year the following fees were paid or payable for services provided by PricewaterhouseCoopers Australia (PwC) as the Auditor of the Fund and by PwC's related network firms:

	2022	2021
	\$	\$
<i>Audit services - PricewaterhouseCoopers</i>		
Audit and review financial statements	18,612	16,850
Auditing the Compliance Plan	4,821	4,287
<i>Other services - PricewaterhouseCoopers</i>		
Tax compliance services	30,196	30,088
Other advisory services – Foreign tax agent	6,829	2,095
	<u>60,458</u>	<u>53,320</u>

4 Financial assets at fair value through profit or loss

	As at	
	30 June 2022	30 June 2021
	\$'000	\$'000
Financial assets		
Equity securities	<u>27,979</u>	43,452
Total financial assets at fair value through profit or loss	<u>27,979</u>	43,452
Total of financial assets	<u>27,979</u>	43,452

4 Financial assets at fair value through profit or loss (continued)

Fair value

AASB 13: *Fair Value Measurement* defines fair value as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”. The standard prescribes that the most representative price within the bid-ask spread should be used for valuation purposes. With respect to the Company, the exit or “last” price is the most representative price within the bid-ask spread, because it represents the price that the security last changed hands from seller to buyer. The Company has applied last-sale pricing as the fair value measurement basis for equities and derivatives it holds.

The fair value of financial assets and liabilities traded in active markets uses quoted market prices at reporting date without any deduction for estimated future selling costs.

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm’s length market transactions, discounted cash flow techniques or any other valuation techniques that provide a reliable estimate of prices obtained in actual market transactions. Options are valued with reference to the quoted price of the underlying index or share. If there is no liquid market available, options are valued based on option prices provided by an arm’s length broker. These valuations are based on option pricing models.

Participatory Notes (“Pnotes”) are sometimes used as a convenient means of investing in local securities by a foreign investor. Participatory Notes are generally traded over-the-counter, as they are issued by a counterparty to provide the investor with exposure to an individual equity, basket of equities or an index, in markets where liquidity, custody or other issues make ownership of the local securities sub-optimal. The valuation of Participatory Notes depends on the level of trading. If the Participatory Notes are actively traded, then the market price is used. If the Participatory Notes are not actively traded, counterparties provide a daily valuation that is based on the intrinsic value of the individual security.

5 Net assets attributable to unitholders

Movements in number of units and net assets attributable to unitholders during the year were as follows:

	30 June 2022 \$'000	30 June 2021 \$'000	30 June 2022 No.'000	30 June 2021 No.'000
Opening balance	44,669	38,159	30,349	32,262
Applications during the year	1,612	2,049	1,137	1,396
Redemptions during the year	(5,649)	(5,305)	(4,003)	(3,857)
Units issued upon reinvestment of distribution	1,352	649	918	548
Increase/(decrease) in net assets attributable to unitholders	(8,108)	9,117	-	-
Closing balance	33,876	44,669	28,401	30,349

6 Distributions paid and payable

The distributions were paid/payable as follows:

	30 June 2022 \$'000	30 June 2022 CPU	30 June 2021 \$'000	30 June 2021 CPU
30 June payable	<u>1,963</u>	<u>6.91</u>	<u>3,618</u>	<u>11.92</u>

7 Receivables

	As at	
	2022 \$'000	2021 \$'000
Interest receivable	1	-
GST receivable	5	6
Dividends receivable	61	85
Dividend tax refund receivable	45	29
Indian capital gains tax receivable	<u>-</u>	<u>9</u>
	<u>112</u>	<u>129</u>

Information relating to the ageing of receivables at 30 June 2022 is provided in Note 9.

8 Payables

	As at	
	2022 \$'000	2021 \$'000
Payables for purchase of financial assets/liabilities	5	-
Interest payable	1	-
Management fees payable	<u>40</u>	<u>54</u>
	<u>46</u>	<u>54</u>

Information relating to the Fund's exposures of payables to liquidity risk is provided in Note 9.

9 Financial risk management

(a) Financial Risk Management Objectives, Policies and Processes

In pursuing its investment objectives, the Fund is exposed to a variety of financial risks: market risk (including interest rate risk, foreign exchange risk and price risk), credit risk and liquidity risk. The management of these risks is carried out by the investment manager under policies approved by the Board of Directors of the responsible entity. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the scheme's financial performance.

9 Financial risk management (continued)

(a) Financial Risk Management Objectives, Policies and Processes (continued)

The Fund use different methods to measure different types of risk to which it is exposed. These methods are explained below.

The responsible entity's investment style:

- adopts a bottom-up stock selection methodology such that long-term capital growth is sought through investing in undervalued securities across the world;
- seeks absolute returns and not returns relative to any index;
- invests excess funds in cash when undervalued stocks cannot be found; and
- actively manages currency.

The Fund uses financial derivative instruments (both Over-the-Counter ("OTC") derivatives and exchange traded derivatives) for risk management purposes and to take opportunities to increase returns, including, for example:

- to gain access to markets not readily available to foreign investors;
- to create a short position in a fund;
- to build a position in a fund as a short-term strategy to be reversed when physical positions are purchased; and
- to aid in the management of the Fund's cash flows (e.g. some stock markets require pre-funding of stock purchases that may be avoided through the use of derivatives).

(b) Investments at Fair Value

The table below summarises the location of the Fund's investments.

	2022 \$'000	2021 \$'000
Japan	2,797	5,983
China	5,458	5,153
Other Asia	3,682	9,282
Australia	53	72
Europe – Euro	4,562	7,366
Europe – Other	4,577	2,795
North America	6,439	12,374
South America	411	427
	<u>27,979</u>	<u>43,452</u>

(c) Market Risk

(i) Foreign Exchange Risk

Foreign exchange risk is the risk the fair value or future cash flows of financial instruments will fluctuate due to changes in foreign exchange rates.

The Fund operates internationally and is exposed to foreign exchange risk arising from buying, selling and holding investments denominated in foreign currency. Currency hedging is an integral part of the management of currency risk. The Investment Manager positions the Fund's portfolio in what it believes will be stronger currencies.

9 Financial risk management (continued)

(c) Market Risk (continued)

(i) Foreign Exchange Risk (continued)

The investment manager may use forward foreign exchange contracts to position the Fund's portfolio in the desired currencies. A currency exposure may be positioned using a different currency from which the exposure is maintained (for example, US Dollar positions may be used to hedge the currency risk of holding investments in Hong Kong Dollars).

The table below summarises the Fund's exposures to foreign exchange risk:

30 June 2022	Euro \$'000	Japanese Yen \$'000	Hong Kong Dollar \$'000	United States Dollar \$'000	Pound Sterling \$'000	Other Currencies \$'000
Financial asset						
Cash and cash equivalents	-	1,658	1,490	3,666	907	8
Equity securities	5,105	2,797	3,842	8,297	3,825	4,060
Trade and other receivables	40	-	55	8	-	4
Total financial assets	5,145	4,455	5,387	11,971	4,732	4,072
Financial liabilities						
Trade and other payables	-	-	-	4	-	1
Total financial liabilities	-	-	-	4	-	1
Net exposure	5,145	4,455	5,387	11,967	4,732	4,071

30 June 2021	Euro \$'000	Japanese Yen \$'000	Hong Kong Dollar \$'000	United States Dollar \$'000	Pound Sterling \$'000	Other Currencies \$'000
Financial asset						
Cash and cash equivalents	151	344	1,027	1,482	622	1,069
Equity securities	7,736	5,983	4,683	16,220	2,425	6,333
Trade and other receivables	24	-	83	2	-	14
Total financial assets	7,911	6,327	5,793	17,704	3,047	7,416
Net exposure	7,911	6,327	5,793	17,704	3,047	7,416

(ii) Interest Rate Risk

Interest rate risk is the possibility the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates.

The overwhelming majority of the Fund's financial assets and liabilities are non-interest bearing. The Fund has a policy of not borrowing money, other than for settlement of trades. Cash holdings are directly affected by interest rate movements, but at balance date, interest rates on these cash accounts are low (and range from -1.75% to 0.05%).

9 Financial risk management (continued)

(c) Market Risk (continued)

(ii) Interest Rate Risk (continued)

Interest rate risk indirectly affects the Fund because interest rate movements will affect forward points used in determining gains or losses on forward contracts.

At 30 June 2022 and 2021, if interest rates had changed by +/- 100 basis points with all other variables held constant, the direct impact on interest income would not be significant for the Fund.

(iii) Price Risk

Market prices fluctuate due to a range of factors specific to the individual investments or factors affecting the market in general.

The investment manager's stock selection process is core to the management of price risk. Moreover, whilst the investment manager uses the MSCI indices to measure relative performance, risk in its view is not solely relative performance versus a benchmark - but also the prospect of losing money (i.e. absolute returns). The investment manager adopts a thematic stock selection approach and is referred to as an "active manager". The investment manager seeks a broad range of investments whose business and growth prospects are being undervalued by the market. Accordingly, holdings in the Fund vary considerably from the make-up of any equity index. Active fund managers such as the investment manager seek to outperform the market as represented by an appropriate index.

(iv) Summarised Sensitivity Analysis

The table below summarises the sensitivities of the Fund's profit to price risk and foreign exchange risk. Price risk exposure arises from the Fund's investment portfolio, which comprises investments in securities and derivatives. The below analysis is based on net positions. Foreign exchange risk exposure arises from volatility in both the Australian dollar and other currencies. The effect on profit due to a possible change in market prices, as represented by a +/-10% movement in these markets with all other variables held constant, is illustrated in the table below.

A sensitivity of 10% has been selected as this is considered reasonably possible given current exchange rates and the volatility observed both on a historic basis and after factoring in possible future movements.

	Price risk		Foreign exchange risk									
	-10%	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%	+10%
			EUR	EUR	JPY	JPY	HKD	HKD	USD	USD	GBP	GBP
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2022	(2,798)	2,798	(515)	515	(446)	446	(539)	539	(1,197)	1,197	(473)	473
30 June 2021	(4,345)	4,345	(791)	791	(633)	633	(579)	579	(1,770)	1,770	(305)	305

(d) Credit Risk

Credit risk relates to the risk of a counterparty defaulting on a financial obligation resulting in a loss to a fund (typically "non-equity" financial instruments or cash/deposit holdings).

The exposure to credit risk for futures, equity swaps, and forward currency contracts is any unrealised profit, margins and collateral paid on the positions (the money a fund would lose if the counterparty defaulted) at reporting date.

9 Financial risk management (continued)

(d) Credit Risk (continued)

The table below shows the Fund' counterparty credit risk exposure by credit rating.

Rating	2022 \$'000	2021 \$'000
A+	241	984
A	<u>8,140</u>	<u>3,083</u>
	<u>8,381</u>	<u>4,067</u>

The Investment Manager regularly monitors the Fund's credit risk exposures to counterparties and seeks to manage the risk by spreading exposure over a number of counterparties, by signing standard International Swaps and Derivatives Association ("ISDA") master agreements, employing two-way symmetrical margining of unrealised profits and losses and by controlling the duration of contracts to be short-term.

Transactions in listed securities and investments are only entered into with approved brokers. Payment is only made once a broker has received securities and delivery of securities sold only occurs once the broker receives payment.

(e) Liquidity Risk

The Fund is exposed to daily cash redemptions of redeemable units. They hold equities that are traded on active markets and, if necessary, these can be readily disposed.

The maximum capital risk resulting from financial instruments is determined by the fair value of financial instruments.

Contractual maturity analysis

The Fund is exposed to daily cash redemptions. If necessary, investments may be realised to cover these redemptions as they are generally readily convertible to cash. The risk management guidelines adopted are designed to minimise liquidity risk through:

- ensuring that there is no significant exposure to illiquid or thinly traded financial instruments; and
- applying limits to ensure there is no concentration of liquidity risk to a particular counterparty or market.

The Fund prepares daily cash forecasts and maintains sufficient cash to meet normal operating requirements. The Fund has a policy of not borrowing money, other than on a short-term basis for settlement, trading and like purposes.

9 Financial risk management (continued)

(e) Liquidity Risk (continued)

(i) Non-derivative financial instruments

The amounts below represent the contractual maturity of non-derivative financial instruments.

	2022 \$'000	2021 \$'000
Payable within 3 months		
Payables on purchase of financial assets/liabilities	5	-
Management fees payable	40	54
Interest payable	1	-
Unitholders' distribution payable	<u>1,963</u>	<u>3,618</u>
Operating liabilities	2,009	3,672

Assets realisable in 1 year or less include equities, foreign currency contracts, derivatives and cash and cash equivalents.

(f) Capital Risk Management

The responsible entity manages the Fund's net assets attributable to unitholders as capital. The amount of net assets attributable to unitholders can change on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unitholders.

10 Fair value measurement

AASB 13 *Fair Value Measurement* requires the Fund to classify its assets and liabilities held at fair value based on the following fair value hierarchy model:

- a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- b) inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices) (level 2); and
- c) inputs for the assets or liabilities that are not based on observable market data (unobservable inputs) (level 3).

The Fund measures and recognises the following assets at fair value on a recurring basis:

- equity securities.

The tables on the following page analyses within the fair value hierarchy model, the Fund's assets and liabilities measured at fair value at 30 June 2022.

10 Fair value measurement (continued)

	30 June 2022				30 June 2021			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets								
Equity securities	27,392	587	-	27,979	42,409	1,043	-	43,452
	<u>27,392</u>	<u>587</u>	<u>-</u>	<u>27,979</u>	<u>42,409</u>	<u>1,043</u>	<u>-</u>	<u>43,452</u>
Total of financial assets	<u>27,392</u>	<u>587</u>	<u>-</u>	<u>27,979</u>	<u>42,409</u>	<u>1,043</u>	<u>-</u>	<u>43,452</u>

The Fund's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting year. There were no transfers between levels 1 and 2 for any assets or liabilities measured at fair value during the year.

Valuation techniques used to classify assets and liabilities as level 1

The majority of the equity securities held by the Fund are valued using quoted prices in active markets, and these are classified as Level 1 in the fair-value hierarchy model.

Valuation techniques used to classify assets and liabilities as level 2

There are some financial instruments that have been classified as level 2, because there is a degree of adjustment made to the quoted price i.e., whilst all significant inputs required for fair value measurement are observable and quoted on an active market, there is a degree of estimation or adjustment involved in deriving the fair value. Examples include:

- Foreign exchange contracts are classified as level 2, even though forward points are quoted in an active and liquid market. The forward points themselves are based on interest rate differentials; and
- Certain P-Notes/warrants are classified as level 2, because they are traded over-the counter and are often priced in a different currency to the underlying security.

11 Key management personnel disclosures

AASB 124: *Related Party Disclosures* defines key management personnel as “persons having authority and responsibility for planning, directing and controlling activities of the entity”. The only employees that have this authority and responsibility are the Directors of Platinum Investment Management Limited.

Key management personnel (“KMP”)

The following persons were key management personnel of Platinum Investment Management Limited during the financial year up to 30 June 2022:

Andrew Clifford
Elizabeth Norman
Andrew Stannard

There are no other key management personnel within Platinum Investment Management Limited.

Transactions with key management personnel

Key management personnel services are provided by Platinum Investment Management Limited and included in the responsible entity fees below. There was no compensation paid directly by the Fund to any of the key management personnel.

Service Agreements

The Directors do not have service agreements as they are employees of Platinum Investment Management Limited.

12 Related parties

Responsible Entity

Platinum Investment Management Limited ABN 25 063 565 006 AFSL 221935 is the responsible entity of the Fund.

Responsible Entity Fees

Fees paid by the Fund include management fees (calculated at 1.35% per annum (2021: 1.35%) exclusive of GST of the Fund’s net asset value and payable monthly). The fees, exclusive of GST, are as follows:

	2022	2021
	\$	\$
Fees for the year expensed by the Fund to the responsible entity	<u>573,972</u>	<u>588,963</u>
Aggregate amounts payable by the Fund at reporting date	<u>40,385</u>	<u>53,619</u>

12 Related parties (continued)

Related party unitholdings

Units held by related parties of the Fund are as follows:

Unitholder	No. of units held opening	Investment (cum- distribution) (\$)	Interest held (%)	No. of units acquired	No. of units held closing	Distributions paid/payable by the Fund (\$)
30 June 2022						
KMP of the responsible entity	<u>6,714,021</u>	<u>8,459,666</u>	<u>23.60</u>	<u>389,122</u>	<u>7,103,143</u>	<u>464,107</u>
30 June 2021						
KMP of the responsible entity	<u>6,210,895</u>	<u>9,867,249</u>	<u>20.43</u>	<u>503,126</u>	<u>6,714,021</u>	<u>740,500</u>

13 Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, cash held as collateral in margin accounts by derivatives clearing houses and counterparties, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

Payments and receipts relating to the purchase and sale of investment securities are classified as “cash flows from operating activities” as realised and unrealised gains (and losses) on financial assets and liabilities represent the Company’s main operating activity.

(a) Reconciliation of Cash

	2022 \$'000	2021 \$'000
Cash and cash equivalents	<u>7,793</u>	<u>4,760</u>
	<u>7,793</u>	<u>4,760</u>

The Fund maintains bank accounts at various locations throughout the world to enable the settlement of purchases and sales of investments and to conduct other normal banking transactions. All accounts are at call and the majority bears floating interest rates in the range of -1.75% to 0.05%. Information in relation to the Fund’s exposures to interest rate risk is provided in Note 9.

13 Cash and Cash Equivalents (continued)

	2022	2021
	\$'000	\$'000
(b) Non-Cash Financing Activities		
During the year, the following distribution payments were reinvested in additional units	1,352	649
(c) Reconciliation of Net Cash from Operating Activities to Operating Profit		
Net operating profit/(loss)	(6,145)	12,735
(Increase)/decrease in investments	15,472	(6,434)
Foreign exchange (gains)/losses	(441)	147
(Increase)/decrease in settlements receivable	-	110
(Increase)/decrease in dividends and tax refund receivable	8	(34)
(Increase)/decrease in interest receivable	(1)	-
(Increase)/decrease in other receivables	10	-
(Decrease)/increase in settlements payable	5	-
(Decrease)/increase in management, performance payable	(14)	6
(Decrease)/increase in interest payable and other payable	1	-
Net Cash Flows from operating activities	<u>8,895</u>	<u>6,530</u>

14 Events occurring after the statements of financial position date

No significant events have occurred since Statements of Financial Position date that would impact the financial position of the Fund as at 30 June 2022 and the results of the year ended on that date.

15 Contingent assets, liabilities and commitments

The Fund have no contingent assets, liabilities or commitments as at 30 June 2022 or 30 June 2021.

In the opinion of the Directors of the responsible entity:

- (a) the financial statements and notes set out on pages 6 to 26 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Act 2001* and other mandatory professional reporting requirements;
 - (ii) giving a true and fair view of the Fund's financial position as at 30 June 2022 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.
- (c) Note 2 (a) confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors.



Andrew Stannard

Director

Sydney

31 August 2022



Independent auditor's report

To the unitholders of Platinum Global Fund

Our opinion

In our opinion:

The accompanying financial report of Platinum Global Fund (the Registered Scheme) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Registered Scheme's financial position as at 30 June 2022 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the statement of financial position as at 30 June 2022
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Registered Scheme in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999
Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124
T: +61 2 9659 2476, F: +61 2 8266 9999

Liability limited by a scheme approved under Professional Standards Legislation.



Other information

The directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors of the Responsible Entity for the financial report

The directors of Platinum Investment Management Limited (the Responsible Entity) are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors of the Responsible Entity determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors of the Responsible Entity are responsible for assessing the ability of the Registered Scheme to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Responsible Entity either intends to liquidate the Registered Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.



PricewaterhouseCoopers



CJ Cummins
Partner

Sydney
31 August 2022