

Platinum International Fund[®] ARSN 089 528 307

Platinum Unhedged Fund[™] ARSN 123 939 471

Platinum Asia Fund[®] ARSN 104 043 110

Platinum European Fund[®] ARSN 089 528 594

Platinum Japan Fund[®] ARSN 089 528 825

Platinum International Brands Fund[®] ARSN 092 429 813

Platinum International Health Care Fund[®] ARSN 107 023 530

Platinum International Technology Fund[®] ARSN 092 429 555

Annual Report - 30 June 2018

Contents
30 June 2018

Responsible Entity Report	3
Auditor's Independence Declaration	7
Statements of Comprehensive Income	8
Statements of Financial Position	10
Statements of Changes in Equity	12
Statements of Cash Flows	14
Notes to the Financial Statements	16
Directors' Declaration	63
Independent Audit Report	64

Responsible Entity Report 30 June 2018

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 International Fund, the Platinum Unhedged Fund, the Platinum Asia Fund, the Platinum European Fund, the Platinum Japan Fund, the Platinum International Brands Fund, the Platinum International Health Care Fund and the Platinum International Technology Fund (collectively referred to as “*the registered schemes*” or “*Funds*”) present their report, together with the financial statements, on the registered schemes for the year ended 30 June 2018.

Principal Activities

The principal activity of the registered schemes during the year was the investment of funds internationally into securities of companies, in accordance with the Product Disclosure Statement (PDS) and their respective Constitutions.

The registered schemes did not have any employees 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
Kerr Neilson (until 23 July 2018)
Elizabeth Norman
Andrew Stannard

Kerr Neilson resigned as Managing Director of PIML effective 1 July 2018, and resigned as a Director of PIML on 23 July 2018. Andrew Clifford was appointed as the new Managing Director of PIML effective 1 July 2018.

Significant Changes in the State of Affairs

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

Operating and Financial Review (OFR)

The registered schemes have predominantly maintained their individual investment strategies in listed equities, equity and index derivatives and currency contracts.

It is pleasing to report that most of the Funds have delivered strong investment performance. For example, our global unhedged fund, Platinum Unhedged Fund delivered 18.6%¹ and our flagship Fund, Platinum International Fund returned 14.2%¹ for the 12 months to 30 June 2018. Our tried and tested approach to managing money worked well over the last year.

¹ You should be aware that historical performance is not a reliable indicator of future performance. The returns for Platinum International Fund and Platinum Unhedged Fund are calculated using the Fund’s Net Asset Value (NAV) unit price (ie excluding a buy/sell spread) for C Class, and represent the combined income and capital returns in the specified period. All returns are pre-tax, net of fees and costs and assume the reinvestment of dividends. The benchmark for the Platinum International Fund and Platinum Unhedged Fund is the MSCI All Country World Net Index (A\$).

Source: Platinum Investment Management Limited (fund returns) and FactSet (MSCI returns). All data where MSCI is referenced is the property of 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.

**Responsible Entity Report
30 June 2018**

Operating and Financial Review (OFR) (continued)

The performances of the registered schemes, as represented by the results of their operations for the year ended 30 June 2018, were as follows:

	International Fund \$'000	Unhedged Fund \$'000	Asia Fund \$'000	European Fund \$'000	Japan Fund \$'000	International Brands Fund \$'000	International Health Care Fund \$'000	International Technology Fund \$'000
Net Operating Profit 2018	1,400,008	46,421	686,784	109,167	71,946	144,666	33,063	11,634
2017	1,997,164	71,257	771,661	108,885	127,633	229,304	28,728	18,711

The distributions of the registered schemes at 30 June were:

Distribution Paid and Payable									
2018	C Class	1,196,744	27,078	900,311	71,892	42,147	189,207	15,110	2,256
2018	P Class	29,057	139	22,437	424	216	154	127	36
		<u>1,225,801</u>	<u>27,217</u>	<u>922,748</u>	<u>72,316</u>	<u>42,363</u>	<u>189,361</u>	<u>15,237</u>	<u>2,292</u>
2017	C Class	892,003	24,087	460,673	26,828	39,032	104,944	26,931	5,019
Distribution (cents per unit)									
2018	C Class	24.40	14.83	60.06	27.49	23.93	60.00	16.17	3.37
2018	P Class	13.17	9.62	22.47	8.37	6.40	25.46	7.92	3.20
2017	C Class	19.15	16.84	31.79	17.63	27.03	31.51	32.29	8.80

The redemption prices of the registered schemes at 30 June were:

Redemption Price – (cum-distribution)									
2018 (\$)	C Class	2.3054	1.8420	3.1881	3.9205	4.6768	2.8888	2.2803	1.7058
2018 (\$)	P Class	1.1199	1.1689	1.1472	1.1360	1.1071	1.1714	1.1631	1.1269
2017 (\$)	C Class	2.2091	1.7206	3.0525	3.5497	4.4679	2.7618	2.2491	1.6027

Responsible Entity Report 30 June 2018

Adoption of New Fee Structure

From 3 July 2017, Platinum added a new performance fee class of units (P Class) to each of the Funds whilst, at the same time, reducing the total fees and expenses charged under the standard fee C Class.

Under the new fee options, investors have the choice between:

- a performance fee option, comprising a management fee of 1.10% per annum (pa) plus a relative outperformance fee of 15% (P Class); and
- a standard fee option, comprising a management fee of 1.35% pa (C Class). This represented a reduction from the previous management costs rate of 1.5% pa.

From 3 July 2017 onwards, administration fees no longer applied.

Change in Portfolio management responsibilities from 1 July 2018

From 1 July 2018, the portfolio management responsibilities for Platinum International Fund changed. Prior to 1 July 2018, Platinum International Fund was co-managed with the following allocations: Kerr Neilson 50%; Andrew Clifford 40% and Clay Smolinski 10%. From 1 July 2018, these allocations changed to Andrew Clifford 70% and Clay Smolinski 30%. Kerr Neilson continues as a full-time executive director of the Platinum Group and member of the Platinum investment team.

Matters subsequent to the end of the year

No matter or circumstance has arisen since 30 June 2018 that has significantly affected or may significantly affect:

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

Likely Developments and Expected Results of Operations

The registered schemes will continue to be managed in accordance with the investment objectives and guidelines as set out in the PDS of the registered schemes and in accordance with the provisions of the registered schemes' Constitutions.

The results of the registered schemes' operations will be affected by a number of factors, including the performance of investment markets in which the registered schemes invest. 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 registered schemes with regard to insurance cover provided to either the Investment Manager, Platinum Investment Management Limited, or the Auditor of the registered schemes. As long as the officers of the responsible entity act in accordance with the schemes' Constitutions and the Law, they remain fully indemnified out of the assets of the registered schemes against any losses incurred while acting on behalf of the registered schemes. The Auditor of the registered schemes is in no way indemnified out of the assets of the registered schemes.

Fees paid to and interests held in the registered scheme

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

Responsible Entity Report
30 June 2018

Units on issue

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

Environmental regulation

The operations of the registered schemes are not subject to any particular or significant environmental regulations under Commonwealth, State or Territory law.

Rounding of amounts to the nearest thousand dollars

The registered schemes are 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.

Including different registered scheme financial reports in a single document

The registered schemes have applied *Australian Securities and Investments Commission's Corporations Instrument 2015/839*, which allows registered schemes with a common responsible entity to include their financial statements in adjacent columns in a single financial report.

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 7.

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



Andrew Stannard
Director

Sydney
31 August 2018



Auditor's Independence Declaration

As lead auditor for the audit of Platinum International Fund, Platinum Unhedged Fund, Platinum Asia Fund, Platinum European Fund, Platinum Japan Fund, Platinum International Brands Fund, Platinum International Health Care Fund and Platinum International Technology Fund for the year ended 30 June 2018, I declare that to the best of my knowledge and belief, the only contraventions of

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit;

are as set out below.

Two partners in the lead audit engagement office held immaterial investments in Platinum Asia Fund for a very short period. The partners did not provide any services to the responsible entity or the fund. The investments were immediately disposed when the issue was identified.

This matter was identified as part of our on-going quality control system. All reasonable steps were undertaken to ensure that this matter was resolved as soon as possible. I report that this matter has been resolved, and in doing so do not believe that this matter has impacted my objectivity and impartiality for the purpose of this audit.

A handwritten signature in black ink, appearing to read 'Simon Cuthbert', is written over a light blue horizontal line.

Simon Cuthbert
Partner
PricewaterhouseCoopers

Sydney
31 August 2018

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Liability limited by a scheme approved under Professional Standards Legislation.

**Statements of Comprehensive Income
For the year ended 30 June 2018**

	Note	International Fund		Unhedged Fund		Asia Fund		European Fund	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Investment income									
Dividends		211,177	228,186	4,974	5,174	77,254	109,897	16,835	8,899
Interest		4,448	1,800	146	4	1,814	1,407	1,642	76
Net gains on financial assets at fair value through profit or loss		1,325,515	2,001,988	44,878	72,645	681,419	784,275	100,672	108,635
Net foreign exchange gains/(losses) on forward currency contracts		4,891	11,270	14	(507)	(12,619)	(17,904)	5,042	(587)
Net foreign exchange gains/(losses) on bank accounts		43,716	(52,526)	1,267	(1,204)	25,480	(20,233)	53	341
Total net investment income		1,589,747	2,190,718	51,279	76,112	773,348	857,442	124,244	117,364
Expenses									
Management fee	12	150,564	144,414	3,988	3,497	64,857	60,706	11,252	6,210
Administration fee		-	7,611	-	250	-	4,336	-	444
Performance fee	12	370	-	7	-	246	-	19	-
Withholding tax on foreign dividends		19,854	19,971	369	411	6,734	6,976	1,761	874
Transaction costs		18,827	21,406	494	695	14,645	13,695	2,044	948
Other		124	152	-	2	82	68	1	3
Total expenses		189,739	193,554	4,858	4,855	86,564	85,781	15,077	8,479
Net operating profit		1,400,008	1,997,164	46,421	71,257	686,784	771,661	109,167	108,885
Financing Costs									
Net operating profit attributable to unitholders		1,400,008	1,997,164	46,421	71,257	686,784	771,661	109,167	108,885
Increase/(decrease) in net assets attributable to unitholders	5	(174,207)	(1,105,161)	(19,204)	(47,170)	235,964	(310,988)	(36,851)	(82,057)
Distribution paid and payable	6	(1,225,801)	(892,003)	(27,217)	(24,087)	(922,748)	(460,673)	(72,316)	(26,828)
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income		-	-	-	-	-	-	-	-

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

**Statements of Comprehensive Income
For the year ended 30 June 2018**

		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	Note	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Investment income									
Dividends		15,341	11,349	18,128	27,648	1,698	1,858	1,286	1,055
Interest		213	325	576	291	7	43	136	25
Net gains on financial assets at fair value through profit or loss		72,427	115,789	139,124	214,891	33,333	30,290	11,638	18,914
Net foreign exchange gains/(losses) on forward currency contracts		(5,538)	12,840	(2,151)	7,122	160	(204)	(29)	507
Net foreign exchange gains/(losses) on bank accounts		2,576	(1,557)	4,238	(2,746)	856	(208)	235	(278)
Total net investment income		85,019	138,746	159,915	247,206	36,054	31,779	13,266	20,223
Expenses									
Management fee	12	10,476	8,425	12,037	13,255	2,576	2,461	1,384	1,200
Administration fee		-	573	-	947	-	176	-	86
Performance fee	12	9	-	-	-	15	-	-	-
Withholding tax on foreign dividends		1,528	1,169	1,603	1,578	197	205	143	111
Transaction costs		1,059	943	1,604	2,116	202	207	105	115
Other		1	3	5	6	1	2	-	-
Total expenses		13,073	11,113	15,249	17,902	2,991	3,051	1,632	1,512
Net operating profit		71,946	127,633	144,666	229,304	33,063	28,728	11,634	18,711
Financing Costs									
Net operating profit attributable to unitholders		71,946	127,633	144,666	229,304	33,063	28,728	11,634	18,711
Increase/(decrease) in net assets attributable to unitholders	5	(29,583)	(88,601)	44,695	(124,360)	(17,826)	(1,797)	(9,342)	(13,692)
Distribution paid and payable	6	(42,363)	(39,032)	(189,361)	(104,944)	(15,237)	(26,931)	(2,292)	(5,019)
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income		-	-	-	-	-	-	-	-

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

**Statements of Financial Position
As at 30 June 2018**

	Note	International Fund		Unhedged Fund		Asia Fund		European Fund	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Assets									
Cash and cash equivalents	13(a)	1,496,833	1,216,648	52,200	30,162	777,344	489,945	137,636	106,580
Receivables	7	79,836	57,685	4,103	7,050	24,342	69,745	36,783	809
Financial assets at fair value through profit or loss	4	10,052,076	9,135,428	284,360	216,312	4,109,589	3,894,389	870,098	438,146
Total Assets		11,628,745	10,409,761	340,663	253,524	4,911,275	4,454,079	1,044,517	545,535
Liabilities									
Unitholders' distribution payable	6	1,225,801	892,003	27,217	24,087	922,748	460,673	72,316	26,828
Payables	8	20,895	74,601	1,397	6,824	5,675	13,626	4,163	2,597
Financial liabilities at fair value through profit or loss	4	23,006	16,486	463	-	-	5,903	6,858	1,476
Total Liabilities (excluding net assets attributable to unitholders)		1,269,702	983,090	29,077	30,911	928,423	480,202	83,337	30,901
Net Assets Attributable to Unitholders - Liability	5	10,359,043	9,426,671	311,586	222,613	3,982,852	3,973,877	961,180	514,634

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

**Statements of Financial Position
As at 30 June 2018**

		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	Note	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Assets									
Cash and cash equivalents	13(a)	77,279	25,401	206,371	169,826	23,567	39,100	22,909	18,990
Receivables	7	1,085	317	3,947	5,397	1,389	258	207	189
Financial assets at fair value through profit or loss	4	751,641	625,271	712,946	751,877	191,061	148,927	92,767	72,677
Total Assets		830,005	650,989	923,264	927,100	216,017	188,285	115,883	91,856
Liabilities									
Unitholders' distribution payable	6	42,363	39,032	189,361	104,944	15,237	26,931	2,292	5,019
Payables	8	876	2,053	1,125	3,169	704	235	142	134
Financial liabilities at fair value through profit or loss	4	-	2,168	8,269	1,711	-	3	-	34
Total Liabilities (excluding net assets attributable to unitholders)		43,239	43,253	198,755	109,824	15,941	27,169	2,434	5,187
Net Assets Attributable to Unitholders - Liability	5	786,766	607,736	724,509	817,276	200,076	161,116	113,449	86,669

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

**Statements of Changes in Equity
For the year ended 30 June 2018**

	International Fund		Unhedged Fund		Asia Fund		European Fund	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Total equity at the beginning of the year	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	-	-
Transactions with equity holders	-	-	-	-	-	-	-	-
Total equity at the end of the year	-	-	-	-	-	-	-	-

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a liability rather than equity and, accordingly, the registered schemes have no equity for financial reporting purposes.

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

Statements of Changes in Equity
For the year ended 30 June 2018

	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Total equity at the beginning of the year	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	-	-
Transactions with equity holders	-	-	-	-	-	-	-	-
Total equity at the end of the year	-	-	-	-	-	-	-	-

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a liability rather than equity and, accordingly, the registered schemes have no equity for financial reporting purposes.

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

Statements of Cash Flows
For the year ended 30 June 2018

	Note	International Fund		Unhedged Fund		Asia Fund		European Fund	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Cash flows from operating activities									
Purchase of financial assets		(5,145,606)	(4,695,996)	(128,616)	(78,446)	(4,079,510)	(3,917,078)	(781,511)	(178,588)
Proceeds from sale of financial assets		5,480,971	6,833,656	103,704	246,170	4,562,349	4,580,689	428,583	192,833
Interest received		4,190	1,800	134	7	1,758	1,559	1,532	95
Dividends received		199,953	211,761	4,743	4,838	72,406	98,283	12,650	8,763
Management fees paid		(150,565)	(152,284)	(3,930)	(3,798)	(65,048)	(64,932)	(10,815)	(6,550)
Performance fees paid		(370)	-	(7)	-	(245)	-	(17)	-
Other expenses paid		(19,087)	(21,748)	(969)	(679)	(14,697)	(13,790)	(2,104)	(946)
Net cash inflow/(outflow) from operating activities	13(c)	369,486	2,177,189	(24,941)	168,092	477,013	684,731	(351,682)	15,607
Cash flows from financing activities									
Proceeds from units issued	5	2,149,683	1,410,545	88,931	35,721	840,530	295,014	472,471	118,856
Payment for units redeemed	5	(1,391,518)	(2,738,119)	(19,162)	(186,353)	(595,591)	(825,487)	(62,776)	(116,108)
Distributions paid		(892,003)	(906,500)	(24,087)	(18,127)	(460,673)	(271,510)	(26,828)	(11,043)
Net cash inflow/(outflow) from financing activities		(133,838)	(2,234,074)	45,682	(168,759)	(215,734)	(801,983)	382,867	(8,295)
Net increase/(decrease) in cash and cash equivalents									
		235,648	(56,885)	20,741	(667)	261,279	(117,252)	31,185	7,312
Cash and cash equivalents at beginning of the year		1,216,648	1,320,427	30,162	31,954	489,945	625,108	106,580	98,806
Effects of exchange rate changes on cash and cash equivalents		44,537	(46,894)	1,297	(1,125)	26,120	(17,911)	(129)	462
Cash and cash equivalents at the end of the year	13(a)	1,496,833	1,216,648	52,200	30,162	777,344	489,945	137,636	106,580

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

Statements of Cash Flows
For the year ended 30 June 2018

		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	Note	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Cash flows from operating activities									
Purchase of financial assets		(332,745)	(277,195)	(521,214)	(481,388)	(205,586)	(72,326)	(175,466)	(35,620)
Proceeds from sale of financial assets		270,180	317,738	701,968	809,976	196,281	93,228	166,955	48,830
Interest received		188	366	550	291	3	43	124	31
Dividends received		13,055	11,888	17,919	26,030	1,468	1,824	1,137	1,011
Management fees paid		(10,378)	(8,906)	(12,192)	(14,349)	(2,585)	(2,617)	(1,376)	(1,271)
Performance fees paid		(9)	-	-	-	-	-	-	-
Other expenses paid		(1,070)	(953)	(1,717)	(2,326)	(206)	(201)	(105)	(116)
Net cash inflow/(outflow) from operating activities	13(c)	(60,779)	42,938	185,314	338,234	(10,625)	19,951	(8,731)	12,865
Cash flows from financing activities									
Proceeds from units issued	5	205,361	82,856	133,843	101,859	49,176	33,674	28,673	14,368
Payment for units redeemed	5	(55,914)	(127,578)	(181,915)	(323,425)	(28,042)	(38,003)	(11,235)	(16,357)
Distributions paid		(39,032)	(14,525)	(104,944)	(127,124)	(26,931)	(15,193)	(5,019)	(5,727)
Net cash inflow/(outflow) from financing activities		110,415	(59,247)	(153,016)	(348,690)	(5,797)	(19,522)	12,419	(7,716)
Net increase/(decrease) in cash and cash equivalents									
		49,636	(16,309)	32,298	(10,456)	(16,422)	429	3,688	5,149
Cash and cash equivalents at beginning of the year		25,401	43,247	169,826	183,049	39,100	38,871	18,990	14,110
Effects of exchange rate changes on cash and cash equivalents		2,242	(1,537)	4,247	(2,767)	889	(200)	231	(269)
Cash and cash equivalents at the end of the year	13(a)	77,279	25,401	206,371	169,826	23,567	39,100	22,909	18,990

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

**Notes to the Financial Statements
For the year ended 30 June 2018**

Note 1 General Information

This financial report covers the Platinum International Fund, Platinum Unhedged Fund, Platinum Asia Fund, Platinum European Fund, Platinum Japan Fund, Platinum International Brands Fund, Platinum International Health Care Fund and Platinum International Technology Fund (collectively referred to as “the registered schemes” or “Funds”), as individual entities.

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

Registered Scheme	Date of Commencement	Registered Scheme	Date of Commencement
Platinum International Fund	4 April 1995	Platinum Japan Fund	12 June 1998
Platinum Unhedged Fund	19 January 2005	Platinum International Brands Fund	11 April 2000
Platinum Asia Fund	3 March 2003	Platinum International Health Care Fund	5 November 2003
Platinum European Fund	12 June 1998	Platinum International Technology Fund	11 April 2000

Each registered scheme may be wound up on the day immediately preceding the 80th anniversary of the date of commencement, 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 2018. The Directors have the power to amend the financial report after issue.

Note 2 Summary of Significant Accounting Policies

(a) Basis of preparation of the financial statements

The financial statements have been prepared in accordance with the requirements of the registered schemes’ Constitutions, Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Each registered scheme is a for-profit entity for the purpose of preparing the financial report. These policies have been consistently applied unless otherwise stated.

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

The Statements of Financial Position are 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 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 registered schemes manage 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.

Note 2 Summary of Significant Accounting Policies (continued)

Compliance with International Financial Reporting Standards

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

Critical Accounting Estimates

The preparation of the financial statements requires the use of certain critical accounting estimates and judgements, which are included in the accounting policies below.

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

Classification

Under AASB 139: *Financial Instruments: Recognition and Measurement*, investments are classified in the registered schemes' Statement of Financial Position as "financial assets/liabilities at fair value through profit or loss". Derivatives and foreign currency contracts are classified as financial instruments "held for trading" and equity securities are designated at fair value through profit or loss upon initial recognition.

Fair value in an active market

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. Financial assets are valued using "last-sale" pricing. Gains and losses arising from changes in the fair value of the financial assets/liabilities are included in the Statement of Comprehensive Income in the period they arise.

Forward currency contracts are initially recognised at fair value on the date contracts are entered into and are subsequently re-measured at each reporting date. The fair value is the unrealised profit or loss on the foreign currency position (in Australian dollars).

Fair value in an inactive market or unquoted market

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 provides 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, the options are valued based on the option prices provided by an arm's length broker. These valuations are based on option pricing models.

Recognition/de-recognition

The registered schemes recognise financial assets on the date they become party to the purchase contractual agreement (trade date) and recognise changes in fair value of the financial assets from this date.

The registered schemes no longer recognise financial assets on the date they become party to the sale contractual agreement (trade date).

(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.

Note 2 Summary of Significant Accounting Policies (continued)

(d) Net assets attributable to unitholders

Units on issue give the unitholder a right to redeem units at the redemption price. Therefore, net assets attributable to unitholders are considered a liability rather than equity. The liability represents the balance of the net assets of the registered schemes at reporting date. As unitholders' funds are classed as a liability under Australian Accounting Standards, it will be necessary to recognise "(increase)/decrease in net assets attributable to unitholders" in the Statements of Comprehensive Income as a financing cost.

(e) Foreign currency translation

Items included in the registered schemes' 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 registered schemes are regulated, funds are raised and distributions are paid. The Australian dollar is also the registered schemes' 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 for each Statement of Financial Position presented are translated at exchange rates at the closing rate at the date of that Statements of Financial Position. Resulting exchange differences are brought to account in determining profit and loss for the year.

(f) Investment income

Interest Income

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

Dividend Income

Dividend income is brought to account on the applicable ex-dividend date for equities and the payment date for Participatory Notes.

(g) Distributions

A new tax regime applying to Managed Investment Trusts ('MITs') was established under the *Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016*. Unitholders will be taxed on the income of the Attribution Managed Investment Trusts ('AMIT') 'attributed' to them by the responsible entity.

In accordance with each registered schemes' Constitution, each registered scheme fully distributes any attributable income to unitholders by cash or reinvestment. Attributable income is determined by reference to the taxable income of the registered scheme.

(h) Receivables

All receivables are recognised when a right to receive payment is established. Receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for bad debts. Debts that are known to be uncollectible are written off. A provision for doubtful debts is raised where there is evidence the amount will not be collected.

Amounts due from brokers represent receivables for securities sold that have been contracted for, but not yet delivered by the reporting date. Trades are recorded on trade date. Proceeds on sale of investments are usually received between 2 and 5 days after trade date. Interest is usually received within 3 days of becoming receivable and dividends are usually received within 75 days of the ex-dividend date.

Note 2 Summary of Significant Accounting Policies (continued)

(i) Payables

All payables are recognised as and when the registered schemes become 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. Information relating to the registered schemes' exposures of payables to liquidity risk is provided in Note 8.

(j) Applications and redemptions

Applications received for units in the registered schemes are recorded net of any entry fees payable prior to the issue of units in the registered schemes. Redemptions from the registered schemes 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 registered scheme 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.

(k) Rounding of amounts to the nearest thousand dollars

The registered schemes are 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.

(l) Including different registered scheme financial reports in a single document

The registered schemes have applied *Australian Securities and Investments Commission's Corporations Instrument 2015/839*, which allows registered schemes with a common responsible entity to include their financial statements in adjacent columns in a single financial report.

(m) Goods and Services Tax (GST)

The GST paid on the costs of various services provided to the registered schemes, such as Investment Management fees, has been passed onto the registered schemes. Investment Management fees have been recognised in the Statements 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 Statements of Financial Position. Cash flows relating to GST are included in the Statements of Cash Flows on a gross basis.

(n) Operating segments

The registered schemes are outside the scope of AASB 8: *Operating Segments* as they do not satisfy the requirement, under AASB 8, of having debt or equity instruments traded in a public market, or file their financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market.

Note 2 Summary of Significant Accounting Policies (continued)

(o) 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.

Margin accounts comprise cash held as collateral for derivative transactions.

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 registered schemes’ main operating activity.

(p) Offsetting a financial asset and a financial liability

Financial assets and liabilities are offset and the net amount reported in the Statements of Financial Position where 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.

(q) New accounting standards and interpretations

Australian Accounting Standards and Interpretations that have been issued or amended, have been adopted by the registered schemes for the annual reporting period ended 30 June 2018. The registered schemes’ assessment of the impact of the new or amended Accounting Standards and Interpretations, most relevant to the registered schemes, are set out below.

AASB 9: Financial Instruments (and applicable amendments)

AASB 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities. It also includes revised rules around hedge accounting and impairment. The standard is applicable for annual reporting periods beginning on or after 1 January 2018.

More specifically AASB 9 replaces the classification and measurement model in AASB 139: Financial Instruments: recognition and measurement with a new model that classifies financial assets based on a) the business model within which the assets are managed, and b) whether contractual cash flows under the instrument solely represent the payment of principal and interest. Management has assessed the classification and measurement aspects of the AASB 9 on the financial statements. Given the registered schemes’ business model is to manage and report the registered schemes’ investments on a fair value basis, management expects on adoption that all financial assets will remain classified at fair value through profit or loss resulting in no impact to the financial performance or position of the registered schemes.

The hedging and impairment aspects of the new standard have also been assessed as having no impact as the registered schemes do not enter into hedging arrangements and is not impacted by write-downs because the financial assets and liabilities are carried at fair value through profit or loss.

The registered schemes expect to adopt this standard in the financial year which commenced on 1 July 2018.

Note 2 Summary of Significant Accounting Policies (continued)

(q) New accounting standards and interpretations (continued)

AASB 15: Revenue from contracts with customers and amendments to AASB 15

The main objective of this standard is to provide a single revenue recognition model based on the transfer of goods and services and the consideration expected to be received in return for that transfer. The standard is applicable for annual reporting period beginning on or after 1 January 2018.

The registered schemes' main source of income is investment income, in the form of gains on equities and derivatives, foreign currency forward contracts and overseas bank accounts, as well as interest and dividend income. All of these income types are outside the scope of the standard. The standard was assessed as not having a material impact on the registered schemes' results in the current or future reporting periods. The registered schemes expect to adopt this standard for annual periods commencing from 1 January 2018.

There are no other standards that are not yet effective that are expected to be relevant to the registered schemes in the current or future reporting periods and on foreseeable future transactions.

Notes to the Financial Statements
For the year ended 30 June 2018

Note 3 Auditor's Remuneration

	International Fund		Unhedged Fund		Asia Fund		European Fund	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$
Auditing and review of the financial report	25,505	44,130	25,505	4,442	25,505	20,152	25,505	19,775
Auditing the Compliance Plan	4,635	10,453	4,635	2,432	4,635	8,629	4,635	5,472
Other audit and assurance services	25,000	25,000	-	-	25,000	25,000	-	-
Taxation and regulatory services – Compliance	48,801	110,246	48,801	50,170	48,801	56,717	48,801	36,863
Other advisory services – Foreign tax agent	4,981	3,361	679	775	7,472	11,587	-	-
	108,922	193,190	79,620	57,819	111,413	122,085	78,941	62,110

	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$
Auditing and review of the financial report	25,505	20,034	25,505	19,775	25,505	7,030	25,505	17,277
Auditing the Compliance Plan	4,635	6,337	4,635	5,472	4,635	2,432	4,635	4,256
Taxation and regulatory services – Compliance	48,801	34,234	48,801	41,295	48,801	42,970	48,801	33,999
Other advisory services – Foreign tax agent	-	-	679	775	-	-	2,943	3,361
	78,941	60,605	79,620	67,317	78,941	52,432	81,884	58,893

Notes to the Financial Statements
For the year ended 30 June 2018

Note 4 Financial Assets and Liabilities at Fair Value through Profit or Loss

	International Fund		Unhedged Fund		Asia Fund		European Fund	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Financial assets								
<i>Held for trading</i>								
Derivatives	49,945	6,900	-	92	257	2,109	-	-
Forward currency contracts	12,122	36,085	-	-	-	5,205	4,769	573
Total held for trading	62,067	42,985	-	92	257	7,314	4,769	573
<i>Designated at fair value through profit or loss</i>								
Equity securities	9,990,009	9,086,650	284,360	216,220	4,109,332	3,887,075	865,329	437,573
Corporate bonds	-	5,793	-	-	-	-	-	-
Total designated at fair value through profit or loss	9,990,009	9,092,443	284,360	216,220	4,109,332	3,887,075	865,329	437,573
Total financial assets held at fair value through profit or loss	10,052,076	9,135,428	284,360	216,312	4,109,589	3,894,389	870,098	438,146
Financial liabilities								
<i>Held for trading</i>								
Derivatives	8,124	907	463	-	-	-	23	200
Forward currency contracts	14,882	15,579	-	-	-	5,903	6,835	1,276
Total held for trading	23,006	16,486	463	-	-	5,903	6,858	1,476
Total financial liabilities held at fair value through profit or loss	23,006	16,486	463	-	-	5,903	6,858	1,476
Total of financial assets less liabilities	10,029,070	9,118,942	283,897	216,312	4,109,589	3,888,486	863,240	436,670

Notes to the Financial Statements
For the year ended 30 June 2018

Note 4 Financial Assets and Liabilities at Fair Value through Profit or Loss (continued)

	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Financial assets								
<i>Held for trading</i>								
Derivatives	711	300	1,508	3,435	22	5	56	30
Forward currency contracts	-	4,604	4,552	3,775	-	10	-	24
Total held for trading	711	4,904	6,060	7,210	22	15	56	54
<i>Designated at fair value through profit or loss</i>								
Equity securities	750,930	620,367	706,886	744,667	191,039	148,912	92,711	72,623
Total designated at fair value through profit or loss	750,930	620,367	706,886	744,667	191,039	148,912	92,711	72,623
Total financial assets held at fair value through profit or loss	751,641	625,271	712,946	751,877	191,061	148,927	92,767	72,677
Financial liabilities								
<i>Held for trading</i>								
Derivatives	-	-	4,284	1,707	-	-	-	-
Forward currency contracts	-	2,168	3,985	4	-	3	-	34
Total held for trading	-	2,168	8,269	1,711	-	3	-	34
Total financial liabilities held at fair value through profit or loss	-	2,168	8,269	1,711	-	3	-	34
Total of financial assets less liabilities	751,641	623,103	704,677	750,166	191,061	148,924	92,767	72,643

Notes to the Financial Statements
For the year ended 30 June 2018

Note 5 Net Assets Attributable to Unitholders

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

		International Fund		Unhedged Fund		Asia Fund		European Fund	
		2018	2017	2018	2017	2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	C Class	9,426,671	9,649,084	222,613	326,075	3,973,877	4,193,362	514,634	429,829
Applications during the year	C Class	1,902,491	1,410,545	87,339	35,721	725,929	295,014	466,881	118,856
Redemptions during the year	C Class	(1,389,773)	(2,738,119)	(19,162)	(186,353)	(594,326)	(825,487)	(62,741)	(116,108)
Increase/(decrease) in net assets attributable to unitholders	C Class	201,033	1,105,161	19,244	47,170	(215,050)	310,988	37,059	82,057
Closing balance	C Class	10,140,422	9,426,671	310,034	222,613	3,890,430	3,973,877	955,833	514,634
		Units	Units	Units	Units	Units	Units	Units	Units
		'000	'000	'000	'000	'000	'000	'000	'000
Opening balance	C Class	4,659,026	5,286,792	143,020	248,980	1,449,089	1,640,084	152,155	155,153
Number of units issued during the year	C Class	860,807	716,254	50,537	24,537	235,765	108,020	125,784	35,750
Number of units redeemed during the year	C Class	(614,664)	(1,344,020)	(10,968)	(130,497)	(185,898)	(299,015)	(16,458)	(38,748)
Closing balance	C Class	4,905,169	4,659,026	182,589	143,020	1,498,956	1,449,089	261,481	152,155

Notes to the Financial Statements
For the year ended 30 June 2018

Note 5 Net Assets Attributable to Unitholders (continued)

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

		International Fund		Unhedged Fund		Asia Fund		European Fund	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Opening balance	P Class	-	-	-	-	-	-	-	-
Applications during the year	P Class	247,192	-	1,592	-	114,601	-	5,590	-
Redemptions during the year	P Class	(1,745)	-	-	-	(1,265)	-	(35)	-
Increase/(decrease) in net assets attributable to unitholders	P Class	(26,826)	-	(40)	-	(20,914)	-	(208)	-
Closing balance	P Class	218,621	-	1,552	-	92,422	-	5,347	-
		Units '000	Units '000	Units '000	Units '000	Units '000	Units '000	Units '000	Units '000
Opening balance	P Class	-	-	-	-	-	-	-	-
Number of units issued during the year	P Class	222,111	-	1,443	-	100,942	-	5,098	-
Number of units redeemed during the year	P Class	(1,535)	-	-	-	(1,071)	-	(31)	-
Closing balance	P Class	220,576	-	1,443	-	99,871	-	5,067	-

P Class was introduced on 3 July 2017.

C Class and P Class total of net assets attributable to unitholders during the year were as follows:

	International Fund		Unhedged Fund		Asia Fund		European Fund	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
C Class and P Class (total)								
Opening balance	9,426,671	9,649,084	222,613	326,075	3,973,877	4,193,362	514,634	429,829
Applications during the year	2,149,683	1,410,545	88,931	35,721	840,530	295,014	472,471	118,856
Redemptions during the year	(1,389,518)	(2,738,119)	(19,162)	(186,353)	(595,591)	(825,487)	(62,776)	(116,108)
Increase/(decrease) in net assets attributable to unitholders	174,207	1,105,161	19,204	47,170	(235,964)	310,988	36,851	82,057
Closing balance	10,359,043	9,426,671	311,586	222,613	3,982,852	3,973,877	961,180	514,634

Notes to the Financial Statements
For the year ended 30 June 2018

Note 5 Net Assets Attributable to Unitholders (continued)

		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Opening balance	C Class	607,736	563,857	817,276	914,482	161,116	163,648	86,669	74,966
Applications during the year	C Class	201,292	82,856	133,151	101,859	47,505	33,674	27,521	14,368
Redemptions during the year	C Class	(55,615)	(127,578)	(181,863)	(323,425)	(28,042)	(38,003)	(11,235)	(16,357)
Increase /(decrease) in net assets attributable to unitholders	C Class	29,819	88,601	(44,611)	124,360	17,753	1,797	9,276	13,692
Closing balance	C Class	783,232	607,736	723,953	817,276	198,332	161,116	112,231	86,669
		Units '000	Units '000	Units '000	Units '000	Units '000	Units '000	Units '000	Units '000
Opening balance	C Class	144,405	156,119	332,996	421,674	83,398	85,787	57,062	58,145
Number of units issued during the year	C Class	43,661	19,984	50,474	44,112	23,884	16,485	16,779	10,050
Number of units redeemed during the year	C Class	(11,929)	(31,698)	(68,121)	(132,790)	(13,821)	(18,874)	(6,894)	(11,133)
Closing balance	C Class	176,137	144,405	315,349	332,996	93,461	83,398	66,947	57,062

Notes to the Financial Statements
For the year ended 30 June 2018

Note 5 Net Assets Attributable to Unitholders (continued)

		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Opening balance	P Class	-	-	-	-	-	-	-	-
Applications during the year	P Class	4,069	-	692	-	1,671	-	1,152	-
Redemptions during the year	P Class	(299)	-	(52)	-	-	-	-	-
Increase/(decrease) in net assets attributable to unitholders	P Class	(236)	-	(84)	-	73	-	66	-
Closing balance	P Class	3,534	-	556	-	1,744	-	1,218	-
		Units '000	Units '000	Units '000	Units '000	Units '000	Units '000	Units '000	Units '000
Opening balance	P Class	-	-	-	-	-	-	-	-
Number of units issued during the year	P Class	3,640	-	640	-	1,606	-	1,110	-
Number of units redeemed during the year	P Class	(260)	-	(36)	-	-	-	-	-
Closing balance	P Class	3,380	-	604	-	1,606	-	1,110	-

P Class was introduced on 3 July 2017.

C Class and P Class total of net assets attributable to unitholders during the year were as follows:

	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
C Class and P Class (total)								
Opening balance	607,736	563,857	817,276	914,482	161,116	163,648	86,669	74,966
Applications during the year	205,361	82,856	133,843	101,859	49,176	33,674	28,673	14,368
Redemptions during the year	(55,914)	(127,578)	(181,915)	(323,425)	(28,042)	(38,003)	(11,235)	(16,357)
Increase/(decrease) in net assets attributable to unitholders	29,583	88,601	(44,695)	124,360	17,826	1,797	9,342	13,692
Closing balance	786,766	607,736	724,509	817,276	200,076	161,116	113,449	86,669

Notes to the Financial Statements
For the year ended 30 June 2018

Note 6 Distributions Paid and Payable

		International Fund		Unhedged Fund		Asia Fund		European Fund	
		2018	2017	2018	2017	2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
The distributions were paid/payable as follows:									
30 June payable	C Class	1,196,744	892,003	27,078	24,087	900,311	460,673	71,892	26,828
30 June payable	P Class	29,057	-	139	-	22,437	-	424	-
		1,225,801	892,003	27,217	24,087	922,748	460,673	72,316	26,828

		Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
		2018	2017	2018	2017	2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
The distributions were paid/payable as follows:									
30 June payable	C Class	42,147	39,032	189,207	104,944	15,110	26,931	2,256	5,019
30 June payable	P Class	216	-	154	-	127	-	36	-
		42,363	39,032	189,361	104,944	15,237	26,931	2,292	5,019

**Notes to the Financial Statements
For the year ended 30 June 2018**

Note 7 Receivables

	International Fund		Unhedged Fund		Asia Fund		European Fund	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Proceeds on sale of financial assets	50,441	19,978	2,677	5,969	2,192	46,231	33,392	-
Interest receivable	378	120	13	1	57	1	112	2
Swap income receivable	439	299	466	-	-	-	-	-
GST receivable	1,362	1,442	38	33	579	609	118	70
Dividends receivable	22,321	30,277	790	946	17,150	18,953	2,083	236
Dividend tax refund receivable	3,958	4,632	119	101	-	83	1,078	501
Indian capital gains tax receivable	937	937	-	-	4,364	3,868	-	-
	79,836	57,685	4,103	7,050	24,342	69,745	36,783	809

	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Proceeds on sale of financial assets	-	27	174	372	1,106	10	-	-
Interest receivable	25	-	27	1	4	-	12	-
Swap income receivable	-	-	356	218	-	-	-	-
GST receivable	99	87	107	130	23	25	13	13
Dividends receivable	961	203	2,117	3,565	10	10	180	172
Dividend tax refund receivable	-	-	149	95	246	213	2	4
Indian capital gains tax receivable	-	-	1,017	1,016	-	-	-	-
	1,085	317	3,947	5,397	1,389	258	207	189

Notes to the Financial Statements
For the year ended 30 June 2018

Note 8 Payables

	International Fund		Unhedged Fund		Asia Fund		European Fund	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Payables on purchase of financial assets/liabilities	8,301	61,930	979	6,458	365	8,125	3,068	1,934
Interest payable	86	162	-	4	-	-	1	12
Swap income payable	-	-	-	2	3	4	5	1
Management fees(and administration fees) payable*	12,508	12,509	339	281	5,306	5,497	1,087	650
Performance fees payable**	-	-	-	-	1	-	2	-
Payable for foreign Capital Gains Tax	-	-	79	79	-	-	-	-
	20,895	74,601	1,397	6,824	5,675	13,626	4,163	2,597

	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Payables on purchase of financial assets/liabilities	1	1,277		1,896	468	-	-	-
Interest payable	4	2	10	3	6	11	2	2
Swap income payable	30	31	-	-	-	-	-	-
Management fees(and administration fees) payable*	841	743	998	1,153	215	224	117	109
Performance fees payable**	-	-	-	-	15	-	-	-
Payable for foreign Capital Gains Tax	-	-	117	117	-	-	23	23
	876	2,053	1,125	3,169	704	235	142	134

*From 3 July 2017, administration fees no longer applied.

**From 3 July 2017, a performance fee class (P Class) was introduced.

Note 9 Financial Risk Management

(a) Financial Risk Management Objectives, Policies and Processes

The registered schemes' primary risks are related to the investment activities undertaken on its behalf by the responsible entity. The risks that the schemes are exposed to include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

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.

Derivatives (which include equity swaps, futures and options) are utilised for risk management purposes and to take opportunities to increase returns. The underlying value of derivatives held by a registered scheme may not exceed 100% of the net asset value of that scheme. The underlying value of long stocks and derivative contracts may not exceed 150% of the net asset value of that scheme. Each of the registered schemes complied with its investment mandate during the year and as at 30 June 2018.

Notes to the Financial Statements
For the year ended 30 June 2018

Note 9 Financial Risk Management (continued)

(b) Investments at Fair Value and Derivatives Exposure

	2018				2017			
	Physical \$'000	Long Derivative Contracts \$'000	Short Derivative Contracts \$'000	Net Exposure \$'000	Physical \$'000	Long Derivative Contracts \$'000	Short Derivative Contracts \$'000	Net Exposure \$'000
International Fund								
Japan	1,401,653	-	-	1,401,653	1,377,982	-	-	1,377,982
Other Asia	3,981,488	57,362	-	4,038,850	3,734,257	38,625	-	3,772,882
Australia	46,268	-	-	46,268	2,802	-	-	2,802
Europe – Euro	941,075	-	-	941,075	1,267,086	-	-	1,267,086
Europe – Other	1,467,632	-	-	1,467,632	779,907	-	-	779,907
North America	2,112,775	-	(1,676,128)	436,647	1,900,972	-	(936,024)	964,948
South America	39,118	-	-	39,118	29,437	-	-	29,437
	9,990,009	57,362	(1,676,128)	8,371,243	9,092,443	38,625	(936,024)	8,195,044
Derivative Notional Cost Amounts 30 June 2018	(1,651,170)							
Derivative Notional Cost Amounts 30 June 2017	(919,443)							
Unhedged Fund								
Japan	19,657	-	-	19,657	20,229	-	-	20,229
Other Asia	118,082	6,080	-	124,162	88,830	3,772	-	92,602
Europe – Euro	33,997	-	-	33,997	24,046	-	-	24,046
Europe – Other	25,938	-	-	25,938	28,714	-	-	28,714
North America	85,171	-	-	85,171	51,855	-	-	51,855
South America	1,515	-	-	1,515	2,546	-	-	2,546
	284,360	6,080	-	290,440	216,220	3,772	-	219,992
Derivative Notional Cost Amounts 30 June 2018	6,564							
Derivative Notional Cost Amounts 30 June 2017	3,725							

Refer to narrative on page 36 for explanations of the terms used in the above table.

Notes to the Financial Statements
For the year ended 30 June 2018

Note 9 Financial Risk Management (continued)

(b) Investments at Fair Value and Derivatives Exposure (continued)

	2018				2017			
	Physical \$'000	Long Derivative Contracts \$'000	Short Derivative Contracts \$'000	Net Exposure \$'000	Physical \$'000	Long Derivative Contracts \$'000	Short Derivative Contracts \$'000	Net Exposure \$'000
Asia Fund								
Asia (excluding Japan)	4,109,332	2,680	(155,077)	3,956,935	3,887,075	15,998	-	3,903,073
	4,109,332	2,680	(155,077)	3,956,935	3,887,075	15,998	-	3,903,073
Derivative Notional Cost Amounts 30 June 2018	(153,766)							
Derivative Notional Cost Amounts 30 June 2017	14,105							
European Fund								
Europe – Euro	437,432	-	-	437,432	223,362	-	-	223,362
Europe – Other	403,498	-	(6,216)	397,282	194,167	-	(4,854)	189,313
North America	24,399	-	-	24,399	20,044	-	-	20,044
	865,329	-	(6,216)	859,113	437,573	-	(4,854)	432,719
Derivative Notional Cost Amounts 30 June 2018	(6,276)							
Derivative Notional Cost Amounts 30 June 2017	(4,550)							
Japan Fund								
Japan	750,930	-	(16,472)	734,458	612,077	-	(14,866)	597,211
South Korea	-	-	-	-	8,290	-	-	8,290
	750,930	-	(16,472)	734,458	620,367	-	(14,866)	605,501
Derivative Notional Cost Amounts 30 June 2018	(17,161)							
Derivative Notional Cost Amounts 30 June 2017	(15,510)							

Refer to narrative on page 36 for explanations of the terms used in the above table.

Notes to the Financial Statements
For the year ended 30 June 2018

Note 9 Financial Risk Management (continued)

(b) Investments at Fair Value and Derivatives Exposure (continued)

	2018				2017			
	Physical \$'000	Long Derivative Contracts \$'000	Short Derivative Contracts \$'000	Net Exposure \$'000	Physical \$'000	Long Derivative Contracts \$'000	Short Derivative Contracts \$'000	Net Exposure \$'000
International Brands Fund								
Japan	92,071	-	-	92,071	85,090	-	-	85,090
Other Asia	279,887	20,113	-	300,000	290,218	29,505	-	319,723
Europe – Euro	56,765	-	-	56,765	111,780	-	-	111,780
Europe – Other	95,250	-	(13,321)	81,929	64,972	-	(7,763)	57,209
North America	160,980	-	(118,982)	41,998	139,722	-	(87,466)	52,256
South America	16,310	-	-	16,310	48,202	-	-	48,202
Africa	5,623	-	-	5,623	4,683	-	-	4,683
	706,886	20,113	(132,303)	594,696	744,667	29,505	(95,229)	678,943
Derivative Notional Cost Amounts 30 June 2018	(109,653)							
Derivative Notional Cost Amounts 30 June 2017	(57,550)							
International Health Care Fund								
Japan	8,672	-	-	8,672	7,834	-	-	7,834
Other Asia	4,011	-	-	4,011	-	-	-	-
Australia	21,516	-	-	21,516	11,047	-	-	11,047
Europe – Euro	35,459	-	-	35,459	34,217	-	-	34,217
Europe – Other	37,995	-	-	37,995	34,370	-	-	34,370
North America	83,386	-	(1,042)	82,344	61,444	-	(1,012)	60,432
	191,039	-	(1,042)	189,997	148,912	-	(1,012)	147,900
Derivative Notional Cost Amounts 30 June 2018	(1,057)							
Derivative Notional Cost Amounts 30 June 2017	(1,034)							

Refer to narrative on page 36 for explanations of the terms used in the above table.

Note 9 Financial Risk Management (continued)

(b) Investments at Fair Value and Derivatives Exposure (continued)

	2018				2017			
	Physical \$'000	Long Derivative Contracts \$'000	Short Derivative Contracts \$'000	Net Exposure \$'000	Physical \$'000	Long Derivative Contracts \$'000	Short Derivative Contracts \$'000	Net Exposure \$'000
International Technology Fund								
Japan	6,047	-	-	6,047	3,870	-	-	3,870
Other Asia	26,196	-	-	26,196	24,339	-	-	24,339
Europe – Euro	3,814	-	-	3,814	3,716	-	-	3,716
Europe – Other	7,635	-	-	7,635	9,083	-	-	9,083
North America	49,019	-	(1,066)	47,953	31,615	-	(271)	31,344
	92,711	-	(1,066)	91,645	72,623	-	(271)	72,352
Derivative Notional Cost Amounts 30 June 2018	(1,122)							
Derivative Notional Cost Amounts 30 June 2017	(1,190)							

The “Physical” column above represents the location of the registered schemes’ investments. The “Long/Short Contracts” columns include the notional value of long/short equity swaps and futures.

The “Net Exposure” column above represents an approximation of each registered schemes’ exposures to movements in the markets. This is calculated by making an adjustment to the “physical” position by adding the principal notional amount of any long (bought) positions and subtracting any short (sold) derivative positions in shares and shares index futures. For example, if 5% of the Portfolio of a registered scheme was invested in Japan, but there was a 2% short exposure to Nikkei futures, the Net Exposure column would show 3%. Conceivably, the figure could show a negative exposure, which would indicate the Portfolio was net short the Japanese market.

(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 registered schemes operate internationally and are 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 a registered scheme’s portfolio in what it believes will be a stronger currency(ies). For example, at 30 June 2018, Platinum International Fund remains heavily hedged back into US Dollars with an exposure of 26.07% (30.4%), 21.78% (25.9%) in European currencies including Norwegian Krone and Swiss Francs, 13.48% (11.2%) in Hong Kong Dollars, 11.26% (9.6%) in Japanese Yen and 20.19% (18.4%) in other Asian currencies.

Note 9 Financial Risk Management (continued)

(c) Market Risk (continued)

(i) Foreign Exchange Risk (continued)

The Investment Manager may use forward foreign exchange contracts and futures and option contracts on foreign exchange rate contracts to position a registered scheme's portfolio in the desired currencies. A currency exposure may be weighted using a different currency from which the exposure is maintained (for example, US dollar positions may be used to weight the currency risk of holding investments in Hong Kong dollars).

Where there have been major currency movements, or where currencies are perceived to be over or undervalued, the Investment Manager may look for investments whose operating environment has been distorted by the currency as part of the search for undervalued stocks. There may even be opportunities for stocks impacted by a lower currency (for example, export-oriented stocks).

In respect of the Platinum Unhedged Fund, there is no currency management undertaken. The disposition of its investments determines its currency exposure.

The tables below summarise the registered schemes' exposures to foreign exchange risk:

	2018				2017			
	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000
International Fund								
Japan	1,559,194	-	(286,060)	1,273,134	1,506,515	74,308	(602,327)	978,496
Hong Kong	1,544,710	-	-	1,544,710	1,146,563	-	-	1,146,563
Other Asia	1,909,791	121,602	-	2,031,393	2,077,798	381,399	(822,302)	1,636,895
Australia	592,730	-	(57,254)	535,476	31,563	152,356	(124)	183,795
Europe – Euro	1,252,635	156,521	-	1,409,156	1,543,819	208,963	(181,644)	1,571,138
Europe – Other	1,053,514	147,833	(60,131)	1,141,216	764,537	567,392	-	1,331,929
North America	3,574,211	403,320	(425,831)	3,551,700	3,235,358	1,355,871	(1,133,892)	3,457,338
South America	39,118	-	-	39,118	29,437	-	-	29,437
	11,525,903	829,276	(829,276)	11,525,903	10,335,590	2,740,289	(2,740,289)	10,335,590
Unhedged Fund								
Japan	23,926	-	-	23,926	22,421	-	-	22,421
Other Asia	79,298	-	-	79,298	62,058	-	-	62,058
Australia	16,366	-	-	16,366	5,277	-	-	5,277
Europe – Euro	42,120	-	-	42,120	45,256	-	-	45,256
Europe – Other	28,055	-	-	28,055	21,137	-	-	21,137
North America	144,817	-	-	144,817	87,780	-	-	87,780
South America	1,515	-	-	1,515	2,545	-	-	2,545
	336,097	-	-	336,097	246,474	-	-	246,474

Notes to the Financial Statements
For the year ended 30 June 2018

Note 9 Financial Risk Management (continued)

(c) Market Risk (continued)

(i) Foreign Exchange Risk (continued)

	2018				2017			
	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000
Asia Fund								
Hong Kong	1,714,395	-	-	1,714,395	1,041,712	-	-	1,041,712
India	619,919	-	-	619,919	668,053	-	-	668,053
South Korea	523,274	-	-	523,274	442,846	-	-	442,846
Other Asia	1,101,173	-	-	1,101,173	1,366,671	-	(336,646)	1,030,025
Australia	133,129	-	-	133,129	13,925	49,110	-	63,035
Europe – Other	35,469	-	-	35,469	32,771	-	-	32,771
North America	759,574	-	-	759,574	812,453	336,646	(49,110)	1,099,989
	<u>4,886,933</u>	<u>-</u>	<u>-</u>	<u>4,886,933</u>	<u>4,378,431</u>	<u>385,756</u>	<u>(385,756)</u>	<u>4,378,431</u>
European Fund								
Australia	15,166	-	-	15,166	48,267	-	(8,500)	39,767
Europe – Euro	477,821	13,747	(128,307)	363,261	282,018	-	(123,632)	158,386
Europe – Other	341,348	213,101	(3,687)	550,762	157,409	113,421	(3,561)	267,269
North America	166,541	27,148	(122,002)	71,687	55,556	34,713	(12,441)	77,828
	<u>1,000,876</u>	<u>253,996</u>	<u>(253,996)</u>	<u>1,000,876</u>	<u>543,250</u>	<u>148,134</u>	<u>(148,134)</u>	<u>543,250</u>
Japan Fund								
Japan	777,523	-	-	777,523	631,138	-	(115,171)	515,967
Korea	-	-	-	-	8,290	-	-	8,290
Australia	14,361	-	-	14,361	1,976	775	-	2,751
North America	37,036	-	-	37,036	7,100	114,396	-	121,496
	<u>828,920</u>	<u>-</u>	<u>-</u>	<u>828,920</u>	<u>648,504</u>	<u>115,171</u>	<u>(115,171)</u>	<u>648,504</u>

Notes to the Financial Statements
For the year ended 30 June 2018

Note 9 Financial Risk Management (continued)

(c) Market Risk (continued)

(i) Foreign Exchange Risk (continued)

	2018				2017			
	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000	Physical \$'000	Bought \$'000	Sold \$'000	Net Exposure \$'000
International Brands Fund								
Japan	100,441	-	(96,884)	3,557	88,577	-	(97,398)	(8,821)
Hong Kong	140,931	-	(49,121)	91,810	105,429	-	-	105,429
Other Asia	35,575	-	-	35,575	76,660	-	(240)	76,420
Australia	28,105	-	-	28,105	36,122	-	-	36,122
Europe – Euro	82,126	146,005	-	228,131	112,579	97,398	-	209,977
Europe – Other	31,976	-	-	31,976	47,099	-	-	47,099
North America	470,531	-	-	470,531	424,072	240	-	424,312
South America	16,310	-	-	16,310	25,798	-	-	25,798
Africa	5,053	-	-	5,053	3,656	-	-	3,656
	911,048	146,005	(146,005)	911,048	919,992	97,638	(97,638)	919,992
International Health Care Fund								
Japan	8,770	-	-	8,770	9,246	-	-	9,246
Other Asia	-	-	-	-	-	-	-	-
Australia	25,787	-	-	25,787	16,062	518	(1,700)	14,880
Europe – Euro	44,645	-	-	44,645	51,543	1,700	-	53,243
Europe – Other	39,268	-	-	39,268	39,054	-	-	39,054
North America	96,157	-	-	96,157	72,119	-	(518)	71,601
South America	1	-	-	1	-	-	-	-
	214,628	-	-	214,628	188,024	2,218	(2,218)	188,024
International Technology Fund								
Japan	6,866	-	-	6,866	5,728	-	-	5,728
Other Asia	21,719	-	-	21,719	22,305	1,852	(3,624)	20,533
Australia	9,403	-	-	9,403	2,585	-	-	2,585
Europe – Euro	3,494	-	-	3,494	3,346	-	-	3,346
Europe – Other	10,315	-	-	10,315	9,083	-	-	9,083
North America	63,879	-	-	63,879	48,586	3,624	(1,852)	50,358
	115,676	-	-	115,676	91,633	5,476	(5,476)	91,633

Note 9 Financial Risk Management (continued)

(c) Market Risk (continued)

(i) Foreign Exchange Risk (continued)

Forward foreign currency contracts and options on forward currency contracts are adjusted against the “Physical” column to arrive at a “Net Exposure” for each currency grouping. The registered schemes generally utilise short dated (90 day maturity) currency agreements with high credit rating counterparties. Generally, the existing forward currency maturity dates range from 0 to 82 days.

Foreign exchange risk sensitivity analysis

The sensitivity analysis below shows the impact a 10% movement in foreign currency at reporting date would have on the registered schemes’ profit on monetary and non-monetary assets and liabilities such as cash, forward contracts and equities.

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 possible future movements. The table presents the foreign currency or currencies with the largest impact on profit for each registered scheme.

	2018	2018	2017	2017		2018	2018	2017	2017
	+10%	-10%	+10%	-10%		+10%	-10%	+10%	-10%
	\$'000	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000	\$'000
International Fund					Unhedged Fund				
United States Dollar	(304,314)	359,436	(312,202)	379,857	United States Dollar	(12,433)	15,044	(8,063)	9,855
Euro	(128,257)	156,754	(133,151)	162,741	Euro	(3,630)	4,436	(4,114)	5,028
Other	(574,127)	701,712	(462,221)	570,501	Other	(12,719)	15,544	(9,883)	12,080
Asia Fund					European Fund				
United States Dollar	(69,059)	84,424	(99,667)	121,815	Euro	(32,415)	39,615	(14,243)	17,407
Hong Kong Dollar	(148,595)	181,616	(95,457)	116,669	Great Britain Pound	(13,463)	16,455	(8,016)	9,797
Other	(209,267)	251,566	(198,511)	242,624	Other	(45,919)	55,656	(23,221)	28,382
Japan Fund					International Brands Fund				
Japanese Yen	(70,700)	87,281	(47,084)	57,547	United States Dollar	(39,777)	47,692	(39,379)	48,130
United States Dollar	(3,367)	4,115	(11,076)	13,537	Euro	(20,297)	24,807	(19,094)	23,337
Other	-	-	(754)	921	Other	(16,941)	20,238	(22,484)	27,480
International Health Care Fund					International Technology Fund				
United States Dollar	(8,617)	10,539	(6,406)	7,830	United States Dollar	(5,518)	6,762	(4,451)	5,602
Euro	(4,019)	4,912	(4,355)	5,323	Hong Kong Dollar	(1,036)	1,266	(1,097)	1,341
Other	(4,616)	5,642	(4,394)	5,369	Other	(3,135)	3,830	(2,591)	3,166

Note 9 Financial Risk Management (continued)

(c) Market Risk (continued)

(i) Foreign Exchange Risk (continued)

The sensitivity analysis shows that the registered schemes are all materially affected by exchange rate movements (other things being equal), given the global nature of the investments held. Throughout 2017/2018, most of the registered schemes have had minimal exposure to the Australian Dollar.

(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 registered schemes' financial assets and liabilities are non-interest bearing. The registered schemes have a policy of not borrowing money, other than for settlement of trades. Therefore, there is no liability exposure to interest rate risk.

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

At 30 June 2018 and 2017, 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 any of the registered schemes.

(iii) Price Risk

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

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

In addition, the registered schemes (other than Platinum Unhedged Fund) may enter into short equity swaps and futures to protect against market movements. At 30 June 2018, some of the registered schemes maintained short positions against various company specific stocks and market indices. The use of index derivatives allows a Fund to invest in particular companies, whilst providing some degree of protection against more general adverse market price movements.

Price risk sensitivity analysis

Price risk exposure arises from the registered schemes' investment portfolios that comprise investments in securities. The effect on net assets attributable to unitholders due to a reasonably possible change in market factors, as represented by a $\pm 10\%$ movement in the key markets affecting the markets or regions that each registered scheme invests in, with all other variables held constant is indicated on the following page:

Notes to the Financial Statements
For the year ended 30 June 2018

Note 9 Financial Risk Management (continued)

(c) Market Risk (continued)

(iii) Price Risk (continued)

Price risk sensitivity analysis (continued)

	2018 +10% \$'000	2018 -10% \$'000	2017 +10% \$'000	2017 -10% \$'000		2018 +10% \$'000	2018 -10% \$'000	2017 +10% \$'000	2017 -10% \$'000
International Fund					Unhedged Fund				
United States	245,034	(245,034)	204,421	(204,421)	United States	7,806	(7,806)	5,186	(5,186)
China	257,460	(257,460)	199,573	(199,573)	China	9,629	(9,629)	5,513	(5,513)
Japan	140,165	(140,165)	137,798	(137,798)	Japan	1,966	(1,966)	2,023	(2,023)
Other	325,909	(325,909)	297,350	(297,350)	Other	5,339	(5,339)	5,142	(5,142)
Asia Fund					European Fund				
China	237,641	(237,641)	179,604	(179,604)	German	22,205	(22,205)	12,231	(12,231)
India	57,778	(57,778)	63,747	(63,747)	United Kingdom	14,185	(14,185)	7,404	(7,404)
Korea	38,138	(38,138)	44,285	(44,285)	France	1,517	(1,517)	3,408	(3,408)
Other	49,520	(49,520)	38,731	(38,731)	Other	12,942	(12,942)	4,691	(4,691)
Japan Fund					International Brands Fund				
Japan	76,740	(76,740)	60,662	(60,662)	Japan	9,207	(9,207)	8,509	(8,509)
Other	-	-	2,861	(2,861)	France	4,267	(4,267)	8,313	(8,313)
					United States	27,445	(27,445)	20,829	(20,829)
					China	22,576	(22,576)	17,743	(17,743)
					Other	9,089	(9,089)	9,426	(9,426)
International Health Care Fund					International Technology Fund				
United States	8,300	(8,300)	6,126	(6,126)	United States	4,679	(4,679)	2,991	(2,991)
Germany	1,171	(1,171)	1,531	(1,531)	China	1,587	(1,587)	1,413	(1,413)
United Kingdom	1,711	(1,711)	1,753	(1,753)	Korea	751	(751)	767	(767)
France	329	(329)	1,039	(1,039)	Japan	605	(605)	387	(387)
Other	4,168	(4,168)	1,716	(1,716)	Other	494	(494)	502	(502)

A sensitivity of 10% has been selected as this is considered reasonably possible. However, given the volatility of the markets, increases or decreases greater than this are possible.

Note that the above analysis is based on the assumption that the registered schemes' stocks moved in correlation with the respective market. The markets or regions provided above are a reference point only. Actual movements in stock prices may vary significantly to movements in the above markets.

Note 9 Financial Risk Management (continued)

(d) Credit Risk

Credit risk relates to the risk of a counterparty defaulting on a financial obligation resulting in a loss to a registered scheme (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 registered scheme would lose if the counterparty defaulted) at reporting date.

The table below shows the registered schemes counterparty credit risk exposure by credit rating.

Rating	International Fund		Unhedged Fund		Asia Fund		European Fund	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
AA-	425,462	-	10,016	-	-	-	-	27,542
A	791,299	988,651	38,393	28,209	735,239	415,951	125,262	74,487
A-	225,161	212,447	17,969	10,995	2,219	22,342	7,329	3,615
BBB+	339,132	265,706	4,906	8,866	41,385	25,303	5,268	1,143
BBB	21,360	20,867	-	-	-	29,288	-	-
	1,802,414	1,487,671	71,284	48,070	778,843	492,884	137,859	106,787

Rating	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
AA-	12,019	502	27,025	-	4,097	604	12,501	-
A	60,401	22,505	116,516	116,199	19,320	37,715	10,084	18,807
A-	-	2,136	17,625	35,245	170	346	214	39
BBB+	5,566	3,979	47,971	71,852	12	485	165	178
BBB	-	-	35,408	8,011	-	-	-	-
	77,986	29,122	244,545	231,307	23,599	39,150	22,964	19,024

(Source: Platinum and Bloomberg)

The Investment Manager regularly monitors the registered schemes' 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 and net settlement contracts, 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.

Note 9 Financial Risk Management (continued)

(e) Liquidity Risk

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

Contractual maturity analysis

(i) Non-financial liabilities

The amounts below represent the contractual maturity of non-financial liabilities. Note that net assets attributable to unitholders are only included in the maturity analysis below because, under Australian Accounting Standards, unitholders' equity is classified as a liability. For management purposes, net assets attributable to unitholders are not an operating liability.

	International Fund		Unhedged Fund		Asia Fund		European Fund	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Payable within 3 months								
Payables on purchase of financial assets/liabilities	8,301	61,930	979	6,458	365	8,125	3,068	1,934
Management (and administration fees) payable	12,508	12,509	339	281	5,306	5,497	1,087	650
Swap income payable	-	-	-	2	3	4	5	1
Performance fees payable	-	-	-	-	1	-	2	-
Payable for Capital Gains Tax	-	-	79	79	-	-	-	-
Interest payable	86	162	-	4	-	-	1	12
Unitholders' distribution payable	1,225,801	892,003	27,217	24,087	922,748	460,673	72,316	26,828
Operating liabilities	1,246,696	966,604	28,614	30,911	928,423	474,299	76,479	29,425
Net assets realisable in 1 year or less to meet operating liabilities	11,603,760	10,389,223	340,124	253,445	4,906,911	4,444,308	1,037,470	543,991
Net assets attributable to unitholders	10,359,043	9,426,671	311,586	222,534	3,982,852	3,973,877	961,180	514,634

Notes to the Financial Statements
For the year ended 30 June 2018

Note 9 Financial Risk Management (continued)
(e) Liquidity Risk (continued)

	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Payable within 3 months								
Payables on purchase of financial assets/liabilities	1	1,277	-	1,896	468	-	-	-
Management (and administration fees) payable	841	743	998	1,153	215	224	117	109
Swap income payable	30	31	-	-	-	-	-	-
Performance fees payable	-	-	-	-	15	-	-	-
Payable for Capital Gains Tax	-	-	117	117	-	-	23	23
Interest payable	4	2	10	3	6	11	2	2
Unitholders' distribution payable	42,363	39,032	189,361	104,944	15,237	26,931	2,292	5,019
Operating liabilities	43,239	41,085	190,486	108,113	15,941	27,166	2,434	5,153
Net assets realisable in 1 year or less to meet operating liabilities	830,005	648,818	913,972	924,323	215,846	188,176	115,883	91,822
Net assets attributable to unitholders	786,766	607,736	724,509	816,210	200,076	161,116	113,449	86,669

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

Notes to the Financial Statements
For the year ended 30 June 2018

Note 9 Financial Risk Management (continued)

(e) Liquidity Risk (continued)

(ii) Financial liabilities

The amounts below represent the maturity of derivative and foreign exchange outflows based on the position at 30 June.

	International Fund		Unhedged Fund		Asia Fund		European Fund	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Payable within 3 months								
Derivative contractual outflows	8,124	907	463	-	-	-	23	200
Forward currency contracts	14,882	15,579	-	-	-	5,903	6,835	1,276
Payable between 3 months and 1 year								
Forward currency contracts	-	-	-	-	-	-	-	-
	<u>23,006</u>	<u>16,486</u>	<u>463</u>	<u>-</u>	<u>-</u>	<u>5,903</u>	<u>6,858</u>	<u>1,476</u>
	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Payable within 3 months								
Derivative contractual outflows	-	-	4,284	1,707	-	-	-	-
Forward currency contracts	-	2,168	3,985	4	-	3	-	34
Payable between 3 months and 1 year								
Forward currency contracts	-	-	-	-	-	-	-	-
	<u>-</u>	<u>2,168</u>	<u>8,269</u>	<u>1,711</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>34</u>

At 30 June 2018, there are no other contractual amounts due or payable after 1 year.

Except for short equity swaps and futures, the maximum capital risk resulting from financial instruments is determined by the fair value of financial instruments. Potential losses from equity swaps and futures are limited to available capital.

Note 9 Financial Risk Management (continued)

(e) Liquidity Risk (continued)

The registered schemes are 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 registered schemes prepare daily cash forecasts and maintain sufficient cash to meet normal operating requirements. The registered schemes have a policy of not borrowing money, other than on a short-term basis for settlement, trading and like purposes.

(f) Capital Risk Management

The responsible entity manages the registered schemes' net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change on a daily basis as the registered schemes are subject to daily applications and redemptions at the discretion of unitholders.

Note 10 Fair Value Hierarchy

AASB 13 *Fair Value Measurement* requires the registered schemes to classify their 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 registered schemes measure and recognise the following assets and liabilities at fair value, pursuant to AASB 13, on a recurring basis:

- equity securities, long equity swaps and long futures;
- corporate bonds;
- short equity swaps and short futures; and
- forward currency contracts.

The tables on the following 3 pages analyse within the fair value hierarchy model, the registered schemes' assets and liabilities measured at fair value at 30 June 2018 and 30 June 2017. None of the registered schemes, other than Platinum International Brands Fund and Platinum International Health Care Fund, have any assets or liabilities that are classified as level 3. Securities that are classified as level 3 are discussed on pages 51-53.

Notes to the Financial Statements
For the year ended 30 June 2018

Note 10 Fair Value Hierarchy (continued)

30 June 2018	International Fund			Unhedged Fund			Asia Fund		
	Level 1 \$'000	Level 2 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Total \$'000
Financial assets									
Equity securities	9,739,176	250,833	9,990,009	266,348	18,012	284,360	4,109,332	-	4,109,332
Derivatives	20,520	29,425	49,945	-	-	-	202	55	257
Forward currency contracts	-	12,122	12,122	-	-	-	-	-	-
	9,759,696	292,380	10,052,076	266,348	18,012	284,360	4,109,534	55	4,109,589
Financial liabilities									
Derivatives	-	8,124	8,124	-	463	463	-	-	-
Forward currency contracts	-	14,882	14,882	-	-	-	-	-	-
	-	23,006	23,006	-	463	463	-	-	-
Total of financial assets less liabilities	9,759,696	269,374	10,029,070	266,348	17,549	283,897	4,109,534	55	4,109,589
30 June 2017	Level 1 \$'000	Level 2 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Total \$'000
Financial assets									
Equity securities	8,828,462	258,188	9,086,650	198,414	17,806	216,220	3,887,058	17	3,887,075
Corporate bonds	-	5,793	5,793	-	-	-	-	-	-
Derivatives	4,925	1,975	6,900	-	92	92	-	2,109	2,109
Forward currency contracts	-	36,085	36,085	-	-	-	-	5,205	5,205
	8,833,387	302,041	9,135,428	198,414	17,898	216,312	3,887,058	7,331	3,894,389
Financial liabilities									
Derivatives	-	907	907	-	-	-	-	-	-
Forward currency contracts	-	15,579	15,579	-	-	-	-	5,903	5,903
	-	16,486	16,486	-	-	-	-	5,903	5,903
Total of financial assets less liabilities	8,833,387	285,555	9,118,942	198,414	17,898	216,312	3,887,058	1,428	3,888,486

Notes to the Financial Statements
For the year ended 30 June 2018

Note 10 Fair Value Hierarchy (continued)

30 June 2018	European Fund			Japan Fund			International Brands Fund			
	Level 1 \$'000	Level 2 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets										
Equity securities	865,329	-	865,329	750,930	-	750,930	704,718	-	2,168	706,886
Derivatives	-	-	-	-	711	711	-	1,508	-	1,508
Forward currency contracts	-	4,769	4,769	-	-	-	-	4,552	-	4,552
	865,329	4,769	870,098	750,930	711	751,641	704,718	6,060	2,168	712,946
Financial liabilities										
Derivatives	-	23	23	-	-	-	-	4,284	-	4,284
Forward currency contracts	-	6,835	6,835	-	-	-	-	3,985	-	3,985
	-	6,858	6,858	-	-	-	-	8,269	-	8,269
Total of financial assets less liabilities	865,329	(2,089)	863,240	750,930	711	751,641	704,718	(2,209)	2,168	704,677
30 June 2017	Level 1 \$'000	Level 2 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets										
Equity securities	437,573	-	437,573	620,367	-	620,367	690,758	53,909	-	744,667
Derivatives	-	-	-	-	300	300	-	3,435	-	3,435
Forward currency contracts	-	573	573	-	4,604	4,604	-	3,775	-	3,775
	437,573	573	438,146	620,367	4,904	625,271	690,758	61,119	-	751,877
Financial liabilities										
Derivatives	-	200	200	-	-	-	-	1,707	-	1,707
Forward currency contracts	-	1,276	1,276	-	2,168	2,168	-	4	-	4
	-	1,476	1,476	-	2,168	2,168	-	1,711	-	1,711
Total of financial assets less liabilities	437,573	(903)	436,670	620,367	2,736	623,103	690,758	59,408	-	750,166

Notes to the Financial Statements
For the year ended 30 June 2018

Note 10 Fair Value Hierarchy (continued)

30 June 2018	International Health Care Fund				International Technology Fund		
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Total \$'000
Financial assets							
Equity securities	187,039	-	4,000	191,039	92,711	-	92,711
Derivatives	22	-	-	22	-	56	56
Forward currency contracts	-	-	-	-	-	-	-
	187,061	-	4,000	191,061	92,711	56	92,767
Financial liabilities							
Derivatives	-	-	-	-	-	-	-
Forward currency contracts	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Total of financial assets less liabilities	187,061	-	4,000	191,061	92,711	56	92,767
30 June 2017	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Total \$'000
Financial assets							
Equity securities	146,912	-	2,000	148,912	72,623	-	72,623
Derivatives	-	5	-	5	30	-	30
Forward currency contracts	-	10	-	10	-	24	24
	146,912	15	2,000	148,927	72,653	24	72,677
Financial liabilities							
Derivatives	-	-	-	-	-	-	-
Forward currency contracts	-	3	-	3	-	34	34
	-	3	-	3	-	34	34
Total of financial assets less liabilities	146,912	12	2,000	148,924	72,653	(10)	72,643

The registered schemes' policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting year. During the year, a Zimbabwe security held by Platinum International Brands Fund (PIBF) was transferred from Level 1 to Level 3.

Note 10 Fair Value Hierarchy (continued)

Fair value measurement of assets that are not based on observable market data (level 3)

(i) PIBF's Zimbabwean security

At 30 June 2018, PIBF held approximately A\$ 2,167,539 in a Zimbabwean equity security, which constituted approximately 0.30% of the Fund.

In light of the failure by the Zimbabwe Government to implement plausible reforms around fund repatriation from that country, during the year, the responsible entity reviewed the fair value of this Zimbabwean security, held by PIBF, and believes that the lack of liquidity available to repatriate funds impacted on the value of PIBF's Zimbabwean holding. This review took place in September 2017 and prices were adjusted from 15 September 2017 onwards. None of the other registered schemes held Zimbabwean securities at 30 June 2018.

The responsible entity has applied a foreign currency repatriation discount for the lack of liquidity, at a rate of 33% against the Zimbabwean security. The 33% discount has been applied against the lowest quoted closing market price that applied for the Zimbabwean security at any stage between 15 September 2017 and 30 June 2018. At 30 June 2018, the Zimbabwean security was valued at \$2,167,539 which reflected the quoted closing market price at 22 November 2017 less the 33% discount. If the actual 30 June 2018 closing market price had been applied to value the security in these accounts, the value used would have been \$4,658,591, so the value actually used was 53% lower than the quoted closing market or level 1 equivalent price.

September 2017 was the month that sufficient information was received by the responsible entity with respect to the difficulty in repatriating proceeds on the disposal of this security. We have classified the fair value attributable to this Zimbabwean security as Level 3, as the fair value applied particularly when considering the 33% discount that has been applied, is not based on observable market data.

A summary of the movement in level 3 securities, for PIBF, for the year ended 30 June 2018 is outlined below.

	Level 3
	\$'000
Opening balance	-
Transfers to level 3	2,168
Closing balance	2,168

(a) Valuation processes

The responsible entity, via its portfolio accounting team, performs daily valuations of each of its investments for the purposes of daily unit pricing. The valuation of any level 3 and level 2 securities are assessed and reviewed for appropriateness and a discussion of the valuation basis is held with management and an adjustment to the price is made if it is considered that the market price is not reasonable. This discussion occurs between the Finance Director, portfolio accounting team and the compliance team. A separate register is also maintained documenting the valuation used and the basis for the valuation. A re-assessment of each of these valuations re-occurs at each reporting date when the financial report is prepared.

**Notes to the Financial Statements
For the year ended 30 June 2018**

Note 10 Fair Value Hierarchy (continued)

(b) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the unobservable inputs used in level 3 fair value measurements.

Description	Best estimate of fair value at 30 June 2018 \$'000	Key unobservable inputs	Downside/upside
Zimbabwe security	\$2,168	A two-step process was applied to obtain the 30 June 2018 fair value, taking the lowest quoted closing market price between 15 September 2017 and 30 June 2018 and applying a 33% discount to that lowest closing quoted market price during that period.	Downside forced redemption and loss of \$2,167,539 sale proceeds (before brokerage). Upside: redemption and repatriation of securities at quoted closing market price of \$2.43

(ii) PIHFs unlisted security

In addition, Platinum International Health Care Fund (PIHF) continues to hold one unlisted security that has been classified as level 3. The unlisted security is an Australian-based private company. The capital that PIHF invested contributed to the costs of clinical trials and establishing base offshore operations.

The cost of acquisition has been determined as the best indicator of fair value and therefore has been used to value the investment at balance date.

As the security fair value has been determined to be the same as the cost of the investment, there has been no gain or loss recognised in the profit or loss. The security represents approximately 2.0% of PIHF's net assets at 30 June 2018.

A summary of the movement in level 3 securities, for PIHF, for the year ended 30 June 2018 is outlined below.

	Level 3 \$'000
Opening balance	2,000
Purchases (at cost) (additional investment)	2,000
Sales	-
Gains and losses recognised in profit or loss	-
Closing balance	<u>4,000</u>

(a) Valuation processes

The valuation process applied is the same as that documented for the PIBF's Zimbabwean security on the previous page.

Note 10 Fair Value Hierarchy (continued)

(ii) PIHFs unlisted security (continued)

(b) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the unobservable inputs used in level 3 fair value measurements.

Description	Best estimate of fair value at 30 June 2018 \$'000	Key unobservable inputs	Estimates for unobservable inputs
Unlisted security	4,000	While there is no observable market price, given the recent acquisition, the unlisted security's fair value has been determined to equate to its acquisition cost.	Downside: \$4m (loss of any capital contributed).

Valuation techniques used to classify assets and liabilities as level 1

Nearly all of the equity securities held by the registered schemes are valued using quoted prices in active markets, with the exception of P-Notes as listed below. Accordingly, nearly all equity securities 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;
- P-Notes are classified as level 2, because they are traded over-the counter and are often priced in a different currency to the underlying security;
- Over-The Counter (OTC) derivatives/options may be classified as level 2 because either (i) the contract itself is not listed and therefore there is no directly observable market price; or (ii) the price is sourced from the relevant counterparty, even though the price (and in the case of options, the relevant delta) can be verified from either Bloomberg or other option pricing models. OTC equity swap contracts are classified as level 2 because the swap contract itself is not listed and does not have an observable market price. However, the underlying security referred to in each swap contract has a directly observable quoted price in an active market.; and
- Certain index derivatives are classified as level 2, because the registered schemes may agree with the counterparty to include or exclude one or more securities that make up the "basket" of securities that comprise the index derivative. Hence, the quoted price of the index derivative would be very similar, but not identical, to the index derivative that the registered schemes hold.

Note 11 Key Management Personnel Disclosures

Directors

The following persons were Directors of Platinum Investment Management Limited at any time during the year up to 30 June 2018:

Andrew Clifford
Kerr Neilson (until 23 July 2018)
Elizabeth Norman
Andrew Stannard

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

Service Agreements

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

Related parties

Disclosures relating to manager's fees payable to Platinum Investment Management Limited are set out in note 12.

**Notes to the Financial Statements
For the year ended 30 June 2018**

Note 12 Related Parties

Responsible Entity

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

Directors of the Responsible Entity

Key management personnel include persons who were Directors of Platinum Investment Management Limited at any time during the financial year as follows:

Andrew Clifford
Kerr Neilson (until 23 July 2018)
Elizabeth Norman
Andrew Stannard

There were no other persons with responsibility for planning, directing and controlling the activities of the responsible entity, directly or indirectly during the financial year.

Transactions with key management personnel

Key management personnel services are provided by Platinum Investment Management Limited and included in the responsible entity fees on page 59. There was no compensation paid directly by the registered schemes to any of the key management personnel.

Related party unitholdings

Units held by related parties of the registered schemes are as follows:

Unitholder	No. of units held opening	No. of units held closing	Investment (cum-distribution) (\$)	Interest held (%)	No. of units acquired	No. of units disposed	Distributions paid/payable by the Fund (\$)
Platinum International Fund							
30 June 2018							
Key management personnel	10,258,846	11,469,620	23,650,356	0.20	1,210,774	-	2,502,912
Other related parties	67,846,230	81,884,975	157,477,465	1.31	14,064,843	26,098	30,424,216
Responsible entity	5,775	15,750	13,314	-	9,975	-	2,723
30 June 2017							
Key management personnel	9,371,969	10,258,846	22,662,816	0.22	886,877	-	1,794,329
Other related parties	62,511,614	67,846,230	149,879,106	1.46	5,334,615	-	12,031,220
Responsible entity	5,775	5,775	12,758	-	-	-	1,106

Notes to the Financial Statements
For the year ended 30 June 2018

Note 12 Related Parties (continued)

Related party unitholdings (continued)

Unitholder	No. of units held opening	No. of units held closing	Investment (cum-distribution) (\$)	Interest held (%)	No. of units acquired	No. of units disposed	Distributions paid/payable by the Fund (\$)
Platinum Unhedged Fund							
30 June 2018							
Key management personnel	2,470,260	2,686,087	4,550,219	1.29	215,827	-	366,345
Other related parties	27,280,665	32,378,477	50,786,975	14.45	5,097,812	-	8,159,111
Responsible entity	1,824	11,799	3,360	-	9,975	-	1,229
30 June 2017							
Key management personnel	2,229,073	2,470,260	4,250,330	1.73	241,187	-	375,407
Other related parties	24,459,555	27,280,665	46,939,112	19.07	2,821,110	-	4,145,862
Responsible entity	1,824	1,824	3,138	-	-	-	307
Platinum Asia Fund							
30 June 2018							
Key management personnel	16,578,581	20,415,181	52,854,175	0.97	3,836,600	-	9,957,510
Other related parties	39,782,036	56,449,145	128,082,293	2.34	16,667,109	-	44,629,407
Responsible entity	4,269	14,244	13,610	-	9,975	-	4,805
30 June 2017							
Key management personnel	14,856,339	16,578,581	50,606,119	1.14	1,722,242	-	4,722,905
Other related parties	36,028,842	39,782,036	121,434,665	2.75	3,903,195	(150,000)	11,468,173
Responsible entity	4,269	4,269	13,031	-	-	-	1,357

Notes to the Financial Statements
For the year ended 30 June 2018

Note 12 Related Parties (continued)

Related party unitholdings (continued)

Unitholder	No. of units held opening	No. of units held closing	Investment (cum-distribution) (\$)	Interest held (%)	No. of units acquired	No. of units disposed	Distributions paid/payable by the Fund (\$)
Platinum European Fund							
30 June 2018							
Key management personnel	2,465,472	2,650,909	9,665,883	0.92	185,437	-	677,864
Other related parties	7,785,721	8,968,968	30,692,891	2.92	1,183,247	-	4,167,809
Responsible entity	4,649	14,624	18,228	-	9,975	-	2,113
30 June 2017							
Key management personnel	2,343,315	2,465,472	8,751,686	1.62	122,157	-	413,171
Other related parties	7,355,686	7,785,721	27,636,975	5.12	430,035	-	1,304,754
Responsible entity	4,649	4,649	16,504	-	-	-	820
Platinum Japan Fund							
30 June 2018							
Key management personnel	5,829,838	6,143,538	27,264,987	3.20	313,700	-	1,394,993
Other related parties	28,624,036	31,550,647	134,790,856	15.83	2,926,612	-	12,783,840
Responsible entity	4,684	14,659	21,906	-	9,975	-	1,760
30 June 2017							
Key management personnel	5,478,031	5,829,838	26,047,134	4.04	351,807	-	1,480,685
Other related parties	26,352,345	28,624,036	127,889,328	19.82	2,271,691	-	7,314,086
Responsible entity	4,684	4,684	20,928	-	-	-	1,266
Platinum International Brands Fund							
30 June 2018							
Other related parties	1,781,034	2,728,808	5,176,087	0.53	947,774	-	2,150,111
Responsible entity	5,015	14,990	14,488	-	9,975	-	5,549
30 June 2017							
Other related parties	1,568,204	1,781,034	4,918,859	0.53	212,830	-	497,403
Responsible entity	5,015	5,015	13,851	-	-	-	1,581

Notes to the Financial Statements
For the year ended 30 June 2018

Note 12 Related Parties (continued)

Related party unitholdings (continued)

Unitholder	No. of units held opening	No. of units held closing	Investment (cum-distribution) (\$)	Interest held (%)	No. of units acquired	No. of units disposed	Distributions paid/payable by the Fund (\$)
Platinum International Health Care Fund							
30 June 2018							
Other related parties	9,984,941	11,575,658	22,905,836	10.22	1,590,717	-	3,248,002
Responsible entity	10,071	20,046	22,966	0.01	9,975	-	2,418
30 June 2017							
Other related parties	8,499,873	9,984,941	22,457,130	11.97	1,485,068	-	2,762,591
Responsible entity	10,071	10,071	22,651	0.01	-	-	3,252
Platinum International Technology Fund							
30 June 2018							
Other related parties	8,591,724	8,987,190	14,743,648	12.63	395,466	-	579,658
Responsible entity	9,410	19,385	16,051	0.01	9,975	-	637
30 June 2017							
Other related parties	8,074,893	8,591,724	13,769,956	15.06	516,831	-	714,767
Responsible entity	9,410	9,410	15,081	0.02	-	-	828

Notes to the Financial Statements
For the year ended 30 June 2018

Note 12 Related Parties (continued)

Responsible Entity Fees

Fees paid by the registered schemes include management fees (calculated at 1.35% per annum (2017:1.40%)) exclusive of GST for C Class investors of the registered schemes' net asset value and payable monthly; 1.1% per annum exclusive of GST for P Class investors of the registered schemes' net asset value and payable monthly) and performance fees (calculated at 15% exclusive of GST of the amount by which the registered schemes' return per unit (after the deduction of investment management fees and excluding any accrued performance fees) exceeds the unitised return of the registered schemes' nominated benchmark and is payable semi-annually). The fees, exclusive of GST, are as follows:

	International Fund		Unhedged Fund		Asia Fund		European Fund	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$
Fees for the year expensed by the registered schemes to the responsible entity	150,934,746	152,024,840	3,994,953	3,746,957	65,103,278	65,041,786	11,270,600	6,653,825
Aggregate amounts payable by the registered schemes at reporting date	12,508,475	12,508,690	338,836	281,752	5,307,423	5,497,394	1,088,847	650,385
	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$
Fees for the year expensed by the registered schemes to the responsible entity	10,484,974	8,998,140	12,037,122	14,202,122	2,590,788	2,636,564	1,383,937	1,285,413
Aggregate amounts payable by the registered schemes at reporting date	840,846	743,288	997,748	1,153,439	229,492	223,418	117,350	109,045

Notes to the Financial Statements
For the year ended 30 June 2018

Note 13 Reconciliation of Net Profit/(Loss) to Net Cash Inflow from Operating Activities

(a) Reconciliation of Cash

For the purposes of the Statements of Cash Flows, cash includes deposits at call and cash at bank. Cash at the end of the period, as shown in the Statements of Cash Flows, is reconciled to the related items in the Statements of Financial Position as follows:

	International Fund		Unhedged Fund		Asia Fund		European Fund	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Cash and cash equivalents	1,270,112	1,092,011	48,407	28,201	737,268	442,943	132,895	105,278
Cash on deposit held within the portfolio	226,721	124,637	3,793	1,961	40,076	47,002	4,741	1,302
	<u>1,496,833</u>	<u>1,216,648</u>	<u>52,200</u>	<u>30,162</u>	<u>777,344</u>	<u>489,945</u>	<u>137,636</u>	<u>106,580</u>

	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Cash and cash equivalents	72,425	23,526	165,635	141,734	23,567	38,631	22,585	18,990
Cash on deposit held within the portfolio	4,854	1,875	40,736	28,092	-	469	324	-
	<u>77,279</u>	<u>25,401</u>	<u>206,371</u>	<u>169,826</u>	<u>23,567</u>	<u>39,100</u>	<u>22,909</u>	<u>18,990</u>

Cash on deposit is held on deposit to 'cash cover' derivative contracts' deposits and margin calls. These amounts are held by the relevant derivative exchanges and counterparties as security. If losses are realised, the cash balances are set off against those losses. If profits are realised on the close out of derivative contracts, the money is returned to the registered schemes.

The registered schemes maintain 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 0.35%. Information in relation to the registered schemes' exposures to interest rate risk is provided in Note 9.

(b) Non Cash Financing Activities

	International Fund		Unhedged Fund		Asia Fund		European Fund	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
During the year, the following distribution payments were reinvested in additional units	388,662	292,051	12,362	10,870	472,800	126,910	18,049	8,478

Notes to the Financial Statements
For the year ended 30 June 2018

Note 13 Reconciliation of Net Profit/(Loss) to Net Cash Inflow from Operating Activities (continued)

(b) Non Cash Financing Activities (continued)

	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
During the year, the following distribution payments were reinvested in additional units	23,015	23,213	58,716	27,436	8,543	15,455	1,225	2,619

(c) Reconciliation of Net Cash from Operating Activities to Operating Profit

	International Fund		Unhedged Fund		Asia Fund		European Fund	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Net operating profit	1,400,008	1,997,164	46,421	71,257	686,784	771,661	109,167	108,885
(Increase)/decrease in investments	(910,128)	117,522	(67,585)	93,559	(221,103)	(58,562)	(426,570)	(94,743)
(Increase)/decrease in exchange rates	(44,537)	46,894	(1,297)	1,125	(26,120)	17,911	129	(462)
(Increase)/decrease in settlements receivable	(30,463)	(6,803)	3,292	(3,078)	44,039	(42,856)	(33,392)	-
(Increase)/decrease in dividends and tax refund receivable	8,630	(16,425)	138	(336)	1,886	(11,614)	(2,424)	(136)
(Increase)/decrease in interest receivable	(258)	-	(12)	3	(56)	152	(110)	19
(Increase)/decrease in other receivables	(60)	(396)	(471)	14	(466)	(200)	(48)	(7)
Increase/(decrease) in settlements payable	(53,629)	39,341	(5,479)	5,597	(7,760)	8,125	1,134	1,934
Increase/(decrease) in management, performance (and administration fees) payable	(1)	(259)	58	(51)	(190)	110	439	104
Increase/(decrease) in foreign capital gains tax payable	-	-	-	(4)	-	-	-	-
Increase/(decrease) in interest and swap payables	(76)	151	(6)	6	(1)	4	(7)	13
Net Cash Flows from operating activities	369,486	2,177,189	(24,941)	168,092	477,013	684,731	(351,682)	15,607

Notes to the Financial Statements
For the year ended 30 June 2018

Note 13 Reconciliation of Net Profit/(Loss) to Net Cash Inflow from Operating Activities (continued)

(c) Reconciliation of Net Cash from Operating Activities to Operating Profit (continued)

	Japan Fund		International Brands Fund		International Health Care Fund		International Technology Fund	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Net operating profit/(loss)	71,946	127,633	144,666	229,304	33,063	28,728	11,634	18,711
(Increase)/decrease in investments	(128,538)	(115,662)	45,489	83,908	(42,137)	(10,131)	(20,124)	(6,089)
(Increase)/decrease in exchange rates	(2,242)	1,537	(4,247)	2,767	(889)	200	(231)	269
(Increase)/decrease in settlements receivable	27	27,457	198	22,363	(1,096)	1,644	-	-
(Increase)/decrease in dividends and tax refund receivable	(758)	539	1,394	(1,618)	(33)	(34)	(6)	(44)
(Increase)/decrease in interest receivable	(25)	41	(26)	-	(4)	-	(12)	6
(Increase)/decrease in other receivables	(12)	(9)	(116)	(221)	2	(1)	-	(2)
Increase/(decrease) in settlements payable	(1,276)	1,277	(1,896)	1,883	468	(484)	-	-
Increase/(decrease) in management, performance (and administration fees) payable	98	92	(155)	(147)	6	20	8	15
Increase/(decrease) in foreign capital gains tax payable	-	-	-	(7)	-	-	-	(2)
Increase/(decrease) in interest and swap payables	1	33	7	2	(5)	9	-	1
Net Cash Flows from operating activities	(60,779)	42,938	185,314	338,234	(10,625)	19,951	(8,731)	12,865

Note 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 registered schemes as at 30 June 2018 and the results of the year ended on that date.

Note 15 Contingent Assets, Liabilities and Commitments

The registered schemes have no contingent assets, liabilities or commitments as at 30 June 2018 and 30 June 2017.

**Directors' Declaration
For the year ended 30 June 2018**

In the Directors' opinion, the financial statements and notes of:

Platinum International Fund
Platinum Unhedged Fund
Platinum Asia Fund
Platinum European Fund
Platinum Japan Fund
Platinum International Brands Fund
Platinum International Health Care Fund
Platinum International Technology Fund (together the 'registered schemes') as set out on pages 6 to 62

- (a) are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
 - (ii) giving a true and fair view of the financial positions of the registered schemes as at 30 June 2018 and of their performances as represented by the results of their operations, changes in equity and their cash flows for the year ended on that date;
- (b) there are reasonable grounds to believe that the registered schemes will be able to pay their debts as and when they become due and payable; and
- (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 2018



Independent auditor's report

To the unitholders of Platinum International Fund, Platinum Unhedged Fund, Platinum Asia Fund, Platinum European Fund, Platinum Japan Fund, Platinum International Brands Fund, Platinum International Health Care Fund and Platinum International Technology Fund

Our opinion

In our opinion:

The accompanying financial report of Platinum International Fund, Platinum Unhedged Fund, Platinum Asia Fund, Platinum European Fund, Platinum Japan Fund, Platinum International Brands Fund, Platinum International Health Care Fund and Platinum International Technology Fund (the Registered Schemes) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Registered Schemes' financial positions as at 30 July 2018 and of their 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 statements of financial position as at 30 July 2018
- the statements of comprehensive income for the year then ended
- the statements of changes in equity for the year then ended
- the statements of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the Directors' Declaration.

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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 Schemes in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia, other than as set out in the Auditor's Independence Declaration dated 31 August 2018. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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 July 2018, including the Responsible Entity Report, 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 identified above 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 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 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 determine 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 Schemes 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 intend to liquidate the Registered Schemes 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.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive script.

PricewaterhouseCoopers

A handwritten signature in black ink that reads 'Simon Cuthbert' in a cursive script.

Simon Cuthbert
Partner

Sydney
31 August 2018