

# **Platinum International Fund (Quoted Managed Hedge Fund)**

**ARSN 620 895 301**

**Annual Report – 30 June 2019**

**Platinum International Fund (Quoted Managed Hedge Fund)**  
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**30 June 2019**

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**Platinum International Fund (Quoted Managed Hedge Fund)  
Responsible Entity Report  
30 June 2019**

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 (Quoted Managed Hedge Fund) (“PIXX”, the “registered scheme” or “fund”), present their report on the registered scheme for the period from 1 July 2018 to 30 June 2019 (“year”).

**Principal Activities**

The Platinum International Fund (Quoted Managed Hedge Fund) (ASX code: PIX) is an Australian registered managed investment scheme. Its units are quoted on the Australian Securities Exchange (ASX) under the ASX AQUA Rules.

The PIXX is an ASX-quoted version of the unlisted flagship fund, Platinum International Fund (PIF). PIXX is a feeder fund that primarily invests in units of PIF, giving investors access to PIF's portfolio composition, portfolio managers and investment strategies. The returns of PIXX may vary from the returns of PIF's performance fee P Class due to different cash holdings and gains and losses on redemptions of PIXX units.

The principal activity of PIXX during the year was to invest in units of the PIF and some cash. The underlying fund, or PIF, primarily invests in the securities of companies listed on stock exchanges throughout the world, in accordance with the Product Disclosure Statement (PDS) and the Constitution.

**Directors of the Responsible Entity**

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

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

As part of Platinum's long-term succession planning, Andrew Clifford was appointed as the Managing Director of PIML effective 1 July 2018, replacing Kerr Neilson.

Kerr Neilson remains a full time executive director of Platinum Asset Management Limited and a member of Platinum's investment team, continuing to work on the generation of investment ideas and company research.

**Date of commencement and significant changes in the state of affairs**

PIXX was formally registered on 18 August 2017 and commenced trading on 14 September 2017.

There were no significant changes in the state of affairs for the year ended 30 June 2019.

**Operating and Financial Review (OFR)**

At 30 June 2019, PIXX's Funds Under Management (“FUM”) was \$326.5 million<sup>1</sup> (2018: \$213.8 million) and its performance from 1 July 2018 to 30 June 2019 was 1.2%, which was below the return of the benchmark Morgan Stanley Capital International All Country World Net Index (MSCI) in A\$ terms of 11.3%<sup>2</sup>. The Fund's annualised return since inception date on 12 September 2017 to 30 June 2019 was 5.5% (compound per annum), below the MSCI which delivered 14.7% since inception<sup>2</sup>.

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<sup>1</sup> The reason for the variance between the FUM figure of \$326.5 million and the net assets figure of \$325.8 million reported in the financial statements relates to the fact that net assets were calculated in accordance with the Australian Accounting Standards and are valued using the redemption price as at 30 June 2019.

<sup>2</sup> PIXX's returns are calculated using PIXX's net asset value per unit (which does not include the buy/sell spread) and represent PIXX's combined income and capital returns over the specified period. Returns are net of accrued fees and costs, are pre-tax, and assume the reinvestment of distributions.

For the purpose of calculating the “since inception date” returns of the MSCI index, PIXX's inception date (12 September 2017) is used. Index returns assume the reinvestment of dividends from constituent companies, but do not reflect fees and expenses. Platinum does not invest by reference to the weightings of any index or benchmark, and index returns are provided as a reference only. PIXX's underlying assets are chosen through Platinum's bottom-up investment process and, as a result, PIXX's holdings may vary considerably to the make-up of the index. The investment returns shown are historical and no warranty can be given for future performance. Historical performance is not a reliable indicator of future performance. Due to the volatility of the underlying assets of PIXX and other risk factors associated with investing, investment returns can be negative, particularly in the short-term.

Source: Platinum Investment Management Limited for PIXX's returns and FactSet for MSCI index returns.

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**Platinum International Fund (Quoted Managed Hedge Fund)  
Responsible Entity Report (continued)  
30 June 2019**

As at 30 June 2019, PIXX's Net Asset Value per unit (after the 30 June 2019 distribution) was \$4.4671 (2018: \$4.8012). The 30 June 2019 distribution translated to \$0.3888 per unit (2018: \$0.638238 per unit).

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

In terms of outlook, the Investment Manager has recently noted that:

*"The Fund's valuations compare favourably with market averages and our quantitative indicators lead us to believe that our portfolio is both more profitable and faster growing than our global universe of stocks. Further, our qualitative assessment is that the valuations of our individual holdings are not just attractive relative to the averages, but attractive on an absolute basis. It is these factors, which we judge our assessment of likely future returns, and result in us being optimistic about the Fund's returns over the medium to long-term. However, significant risks remain in the macroeconomic and market environment in the short-term. In particular, US trade policy and the impact on global growth. Valuations in the crowded sectors of equity markets, the safe havens and the high growth stocks are also cause for caution on broader markets."*

**Change in portfolio management responsibilities from 1 July 2018**

As part of Platinum's long-term succession planning, the portfolio management responsibilities for PIF changed. PIF was previously 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 will continue as a full-time executive director of Platinum Asset Management Limited and member of the Platinum investment team.

**Matters subsequent to the end of the financial year**

No matter or circumstance has arisen since 30 June 2019 that has significantly affected or may significantly affect:

- (i) the operation of the registered scheme in future years; or
- (ii) the results of those operations in future years; or
- (iii) the state of affairs of the registered scheme in future years.

**Likely developments and expected results of operations**

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

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

**Indemnification and insurance of officers and auditors**

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

**Fees paid to and interests held in the registered scheme**

Management and performance fees were borne at the Platinum International Fund level and were reflected in the unit price of units purchased in the Platinum International Fund. No fees were paid out of the registered scheme property to the Directors of the responsible entity during the year.

**Units on issue**

The movement in units on issue in the registered scheme during the year have been disclosed in Note 8 to the financial statements.

**Environmental regulation**

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

**Platinum International Fund (Quoted Managed Hedge Fund)**  
**Responsible Entity Report (continued)**  
**30 June 2019**

**Rounding of amounts to the nearest thousand dollars**

The registered scheme is of a kind referred to in ASIC Corporations "*Rounding in Financial/Directors' Reports*" Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'.

Amounts in this report have been rounded off in accordance with this Instrument to the nearest thousand dollars, unless otherwise indicated.

**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 6.

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

A handwritten signature in black ink, appearing to read 'AS', with a large, stylized loop extending from the end of the signature.

Andrew Stannard  
Director

Sydney  
13 September 2019



## *Auditor's Independence Declaration*

As lead auditor for the audit of Platinum International Fund (Quoted Managed Hedge Fund) for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been:

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

A handwritten signature in black ink, appearing to read 'Simon Cuthbert', written in a cursive style.

Simon Cuthbert  
Partner  
PricewaterhouseCoopers

Sydney  
13 September 2019

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**PricewaterhouseCoopers, ABN 52 780 433 757**

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**Platinum International Fund (Quoted Managed Hedge Fund)**  
**Statement of Comprehensive Income**  
**For the year ended 30 June 2019**

	Note	30 June 2019 \$'000	For the period 18 August 2017 to 30 June 2018 \$'000
<b>Income</b>			
Interest		1	1
Distribution	5	28,677	27,514
Unrealised (losses) on units held in the Platinum International Fund		(21,468)	(25,973)
Realised (losses) on sale of units held in the Platinum International Fund		(655)	-
<b>Total income</b>		6,555	1,542
<b>Expenses</b>			
Operating expenses		-	-
<b>Total expenses</b>		-	-
<b>Net operating profit</b>		6,555	1,542
Other comprehensive income		-	-
<b>Total comprehensive income</b>		6,555	1,542

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

**Platinum International Fund (Quoted Managed Hedge Fund)**  
**Statement of Financial Position**  
**As at 30 June 2019**

	<b>Note</b>	<b>As at 30 June 2019 \$'000</b>	<b>As at 30 June 2018 \$'000</b>
<b>Assets</b>			
Cash and cash equivalents		1	1
Distribution receivable from the Platinum International Fund	5	25,964	24,232
Financial assets at fair value through profit or loss	4	325,817	213,261
<b>Total Assets</b>		<u>351,782</u>	<u>237,494</u>
<b>Liabilities</b>			
Payables (for units purchased in the Platinum International Fund)	7	(451)	-
Distribution payable to investors	5	(25,513)	(24,233)
<b>Total Liabilities</b>		<u>(25,964)</u>	<u>(24,233)</u>
<b>Net Assets Attributable to Unitholders - equity</b>	8	<u>325,818</u>	<u>213,261</u>

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

**Platinum International Fund (Quoted Managed Hedge Fund)**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2019**

	Note	30 June 2019 \$'000	For the period 18 August 2017 to 30 June 2018 \$'000
<b>Total equity at the beginning of the year/period</b>		213,261	-
Net operating profit attributable to unitholders	8	6,555	1,542
Other comprehensive income for the year/period		-	-
<b>Total comprehensive profit for the year/period</b>		6,555	1,542
<i>Transactions with equity holders</i>			
Unitholder applications	8	138,001	239,234
Unitholder redemptions		(3,773)	-
Distribution paid/payable	8	(28,226)	(27,515)
<b>Total equity at the end of the year/period</b>	8	325,818	213,261

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

**Platinum International Fund (Quoted Managed Hedge Fund)**  
**Statement of Cash Flows**  
**For the year ended 30 June 2019**

	Note	30 June 2019	For the period 18 August 2017 to 30 June 2018
		\$'000	\$'000
<b>Cash flows from operating activities</b>			
Payments for the purchase of financial assets		(142,582)	(239,234)
Proceeds from the sale of financial assets		3,773	-
Distribution received		27,514	-
Interest received		-	1
<b>Net cash (used in) operating activities</b>	13	(111,295)	(239,233)
<b>Cash flows from financing activities</b>			
Proceeds from units issued		139,299	239,234
Payments for units redeemed		(3,773)	-
Distribution paid		(24,231)	-
<b>Net cash inflow from financing activities</b>		111,295	239,234
<b>Net increase in cash and cash equivalents</b>		-	1
Cash and cash equivalents at the beginning of the year/ period		1	-
Effects of exchange rate changes on cash and cash equivalents		-	-
<b>Cash and cash equivalents at the end of the year/period</b>		1	1

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

**Platinum International Fund (Quoted Managed Hedge Fund)**  
**Notes to Financial Statements**  
**30 June 2019**

**Note 1. General Information**

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

The 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 13 September 2019. 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 scheme's Constitution, Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. The registered scheme is a for-profit entity for the purpose of preparing the financial report. The financial statements have been prepared on a historical cost basis, except for financial assets at fair value.

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

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results or operations and relate to reducing the gross distribution payable and receivable for that portion of the distribution that was reinvested. Refer to note 5 for further details.

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

*Compliance with International Financial Reporting Standards*

The financial statements of the registered scheme 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) Income Tax**

Under current tax legislation, the registered scheme is not subject to income tax as unitholders will have the registered scheme's share of PIF's income attributed to them, in proportion to the number of units they hold. The benefits of any offsets for foreign tax paid are passed on to unitholders.

**(c) Financial Assets at Fair Value through Profit or Loss**

Under AASB 9: *Financial Instruments*, financial instruments may be classified as:

- amortised cost if the objective of the business model is to hold the financial instruments to collect contractual cash flows and those cash flows represent solely payments of principal and interest (SPPI);
- fair value through other comprehensive income if the objective of the business model is to hold the financial instruments to collect contractual cashflows from SPPI and to sell; or
- all other financial instruments must be recognised at fair value through profit or loss. An entity can, at initial recognition, also irrevocably designate a financial instrument as measured at fair value through profit or loss if it eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income.

Units held in Platinum International Fund are designated at fair value through profit or loss upon initial recognition.

**Note 2. Summary of Significant Accounting Policies (continued)**

**(c) Financial Assets at Fair Value through Profit or Loss (continued)**

The registered scheme has applied AASB 13: *Fair Value Measurement*. AASB 13 defines fair value as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”. AASB 13 increases transparency about fair value measurements, including the valuation techniques and inputs used to measure fair value.

With respect to the registered scheme, the redemption price or “exit” price has been chosen to value the units held in the Platinum International Fund, because the redemption price represents the price that the security last changed hands from seller to buyer.

AASB 13 also requires reporting entities to disclose its valuation techniques and inputs. This is described below.

*Fair value in an active market*

The fair value of financial assets traded in active markets uses quoted market prices at reporting date without any deduction for estimated future selling costs. Financial assets are valued using “exit” pricing. Gains and losses arising from changes in the fair value of the financial assets are included in the Statement of Comprehensive Income in the year they arise.

*Recognition*

For regular way purchases and sales of financial assets the registered scheme recognises these on trade-date, the date on which they commit to purchase or sell the asset.

Investments are derecognised when the contractual right to receive cash flows from the investments have expired or have been transferred, and the registered scheme has transferred substantially all of the risks and rewards of ownership.

*Measurement*

At initial recognition, the registered scheme measures financial assets at fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Comprehensive Income.

Any gains or losses that arise from the daily aggregate of net redemption of units are disclosed in the Statement of Comprehensive Income as “Realised gains/(losses) on sale of units held in the Platinum International Fund”.

Gains and losses arising from changes in the fair value of the ‘financial assets at fair value through profit or loss’ category are presented in the Statement of Comprehensive Income in the year in which they arise.

**(d) Brokerage and 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.

The responsible entity has appointed a market maker to act as its agent to execute its market making activities, by providing liquidity on the ASX, by acting as a buyer and seller of units. At the end of each trading day, units will be created or cancelled by applying for or redeeming its net position in units bought or sold on the ASX. The responsible entity will execute its market making activities via a trading participant under the ASX Operating Rules. The profit made from internal market making activities for the period 1 July 2018 to 30 June 2019, which is reflected in the Net Asset Value and unit price of PIXX was \$692,162.

**Note 2. Summary of Significant Accounting Policies (continued)**

**(e) Unitholders' funds**

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

A unitholder can redeem units based on the price quoted on the ASX AQUA market.

*Redeemable units*

The registered scheme issues redeemable units, which are redeemable through trading on the ASX AQUA market and are classified as equity in accordance with AASB 132: *Financial Instruments: Presentation*.

Should the terms or conditions of the redeemable units change such that they no longer comply with the criteria for classification as equity in AASB 132, the redeemable units would be reclassified to a financial liability from the date the instrument ceases to meet the criteria. The financial liability would be measured at the redeemable units' fair value at the date of reclassification. Any difference between the carrying amount of the equity instrument and the fair value of the liability at the date of reclassification would be recognised in equity.

The consideration received or paid for units is based on the price quoted on the ASX AQUA market, which is not necessarily the same as the value of the registered scheme's net assets value per redeemable unit struck at the end of each trading day (redemption price). The registered scheme's net asset value per unit at the end of each trading day is calculated by dividing the registered scheme's net assets by the total number of outstanding units.

**(f) Foreign currency translation**

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

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

**(g) Investment income**

*Interest Income*

Interest income from financial assets at amortised cost are recognised on a time proportionate basis using the effective interest method and includes interest from cash and cash equivalents. Interest from financial assets at fair value through profit or loss are determined based on the contractual coupon interest rate.

*Distributable Income*

Distributions are brought to account on the applicable ex-distribution date.

**(h) Distribution paid/payable**

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.

Although the responsible entity can apply discretion regarding the distribution of the attributable income, the responsible entity intends to fully distribute any attributable income to unitholders by cash or reinvestment. Attributable income is determined by reference to the taxable income of the registered scheme.

**(i) Receivables**

All receivables are recognised when a right to receive payment is established. Debts that are known to be uncollectible are written off. An expected credit loss is recognised using the simplified approach which uses a lifetime expected credit loss allowance.

**Note 2. Summary of Significant Accounting Policies (continued)**

**(j) Payables**

All payables are recognised as and when the registered scheme becomes liable. Due to the short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**(k) Applications and redemptions**

Applications received for units in the registered scheme are recorded net of any entry fees (spread) payable prior to the issue of units in the registered scheme. Redemptions from the registered scheme are recorded gross of any exit fees (spread) payable after the cancellation of units redeemed. Units issued or redeemed are recognised when settled, which is the trade date.

**(l) Rounding of amounts to the nearest thousand dollars**

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

**(m) Goods and Services Tax (GST)**

The GST paid on any direct costs of various services provided to the registered scheme and any GST recoverable from the ATO at reporting date is included in receivables in the Statement of Financial Position. Cash flows relating to GST are included in the Statement of Cash Flows on a gross basis.

**(n) Operating segments**

The registered scheme is within the scope of AASB 8: *Operating Segments* as it satisfies the requirement, under AASB 8, of having debt or equity instruments traded in a public market, or filing financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market. Refer to Note 14 for further information.

**(o) Cash and cash equivalents**

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

Payments and receipts relating to the purchase and sale of financial assets are classified as "cash flows from operating activities" as realised and unrealised gains (and losses) on financial assets represent the registered scheme's main operating activity.

**(p) New accounting standards and interpretations**

The following Australian Accounting Standards have been adopted by the registered scheme for the year ended 30 June 2019 for the first time.

**New accounting standards and interpretations adopted for the first time**

Other than as noted below, there are no standards, interpretations or amendments to existing standards that are effective for the first time for the year ended 30 June 2019 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

*Adoption of AASB 9: Financial Instruments ("AASB 9")*

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. It also introduced revised rules around hedge accounting and impairment. The standard was applicable for the year ended 30 June 2019.

AASB 9 replaced the classification and measurement model in AASB 139: *Financial Instruments: Recognition and Measurement* with a new model that classifies financial instruments based on the business model within which the financial instruments are managed, and whether the contractual cash flows under the instrument solely represent the payment of principal and interest.

**Platinum International Fund (Quoted Managed Hedge Fund)**  
**Notes to Financial Statements**  
**30 June 2019**

**Note 2. Summary of Significant Accounting Policies (continued)**

**(p) New accounting standards and interpretations (continued)**

AASB 9 did not result in a change to the classification or measurement of financial instruments, given no debt instruments are held by the registered scheme, which could result in a reclassification of the financial instruments to amortised cost or fair value through other comprehensive income ("FVOCI"). The derecognition rules have not been changed from previous requirements and the registered scheme does not apply hedge accounting.

For further details on how the fair values of financial instruments are determined, please refer to the accounting policy in relation to "Financial assets at fair value through profit or loss".

*Adoption of AASB 15: Revenue from contracts with customers and associated amendments*

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 the year ended 30 June 2019.

The registered scheme has adopted AASB 15 for reporting periods commencing 1 July 2018. The registered scheme's main source of income is investment income, in the form of interest, distribution income and gains or losses on its unit trust investment. 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 scheme's results in the current or future reporting periods.

AASB 15 has been applied by the registered scheme and did not result in a material change in revenue recognition for the registered scheme.

**New Standards, amendments and Interpretations effective after 1 January 2019 that have not been early adopted**

A number of new standards, amendments to standards and interpretations are effective for the annual reporting period beginning after 1 January 2019 and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the registered scheme.

**Note 3. Auditor's Remuneration**

	<b>For the year to 30 June 2019</b>	<b>For the period 18 August 2017 to 30 June 2019</b>
	<b>\$</b>	<b>\$</b>
Auditing of the financial report	7,731	9,506
Auditing the Compliance Plan	3,090	3,000
Taxation services	46,495	31,650
	<u>57,316</u>	<u>44,156</u>

Auditor's remuneration is paid by the responsible entity, Platinum Investment Management Limited. The fee for taxation services predominantly relates to work associated with the 30 June 2019 distribution.

**Note 4. Financial Assets at Fair Value through Profit or Loss**

	<b>30 June 2019 \$'000</b>	<b>30 June 2018 \$'000</b>
<b>Financial assets</b>		
<i>Designated at fair value through profit or loss</i>		
Units in the Platinum International Fund (valued at the 30 June 2019 redemption price which includes the impact of the 30 June 2019 distribution)	325,817	213,261
Total financial assets at fair value through profit or loss	<u>325,817</u>	<u>213,261</u>

**Platinum International Fund (Quoted Managed Hedge Fund)**  
**Notes to Financial Statements**  
**30 June 2019**

**Note 5. Distribution**

The gross distribution income from the Platinum International Fund was \$28,676,730 or \$0.0814 per unit (2018: total \$27,513,882 or \$0.1317 per unit). The gross distribution payable to investors of the registered scheme was \$28,225,893 or \$0.3888 per unit (2018: total \$27,514,596 or \$0.6382 per unit).

\$2,713,064 (2018: \$3,281,697) of the gross distribution receivable and payable were reduced in the Statement of Financial Position to account for amounts immediately reinvested into PIF as additional units to satisfy unitholder direction for distribution reinvestment. Additional units in PIXX were also issued to reflect the reinvestment prior to year end. The two whole dollar amounts of the gross distribution receivable and distribution payable differed because the registered scheme generated realised losses on net redemptions during the year and included this as part of the distribution it made to investors. In the case of the registered scheme, the taxable realised losses generated were \$450,837 (2018: interest income of \$714).

**Note 6. Receivables**

The receivables balance in the Statement of Financial Position is comprised of the application monies received from investors that will settle two days after the application date.

**Note 7. Payables**

The payable balance in the Statement of Financial Position reflects the dollar value of units in the Platinum International Fund that are to be purchased.

**Note 8. Net Assets Attributable to Unitholders**

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

	<b>30 June 2019 Units</b>	<b>30 June 2019 Net Assets \$'000</b>	<b>30 June 2018 Units</b>	<b>30 June 2018 Net Assets \$'000</b>
Opening balance	44,529,473	213,261	-	-
Applications	29,393,734	138,001	44,529,473	239,234
Redemptions	(839,251)	(3,773)	-	-
Net operating profit	-	6,555	-	1,542
Distribution paid/payable	-	(28,226)	-	(27,515)
Closing balance	<u>73,083,956</u>	<u>325,818</u>	<u>44,529,473</u>	<u>213,261</u>

**Note 9. Financial Risk Management**

PIXX is a feeder fund that invests in units of the underlying fund, Platinum International Fund. Hence, all of PIXX's exposure to investment risk is an indirect risk only.

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

The registered scheme's primary risk is the adverse financial performance of the underlying fund, Platinum International Fund, caused by volatile markets. The registered scheme's risks are linked to the underlying fund's investment activities undertaken on its behalf by the responsible entity, which means that the registered schemes risks are of an indirect nature.

The risks that the underlying fund is exposed to include market risk (including foreign currency 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.

**Note 9. Financial Risk Management (continued)**

**(b) Market Risk**

There is a risk the underlying fund's security prices may decline over short or extended periods which will in turn indirectly impact the registered scheme due to general market conditions, including but not limited to foreign currency fluctuations, price and interest rates.

**(i) Foreign Exchange Risk**

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

The registered scheme is not directly exposed to movements in foreign exchange rates. Currency hedging is an integral part of the management of currency risk. The Investment Manager positions the underlying funds' portfolio in what it believes will be a/the stronger currency(ies).

At 30 June 2019, the underlying fund's main exposure was to the US dollar at 42% (2018: 26%). The Investment Manager may use forward foreign exchange contracts to position the underlying fund's portfolio in the desired currencies. A currency exposure may be positioned using a different currency from which the exposure is maintained (for example, US dollar positions may be used to hedge the currency risk of holding investments in Hong Kong dollars).

*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 scheme's proportionate interest in the underlying fund's 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 the registered scheme's proportionate interest in the profit of the underlying fund.

	<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
	<b>+10%</b>	<b>(10%)</b>	<b>+10%</b>	<b>(10%)</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
United States dollar	(17,455)	25,814	(12,400)	14,646
Hong Kong dollar	(8,009)	9,789	(5,784)	7,069
Other	(20,811)	25,854	(22,836)	27,911
	<u>46,275</u>	<u>61,457</u>	<u>(41,020)</u>	<u>49,626</u>

The sensitivity analysis shows that the registered scheme is materially indirectly affected by exchange rate movements (other things being equal), given the global nature of the investments held.

The above currencies have been used as proxies for the underlying fund's physical exposure in those currencies. A sensitivity of 10% has been selected as this is considered reasonably possible.

**(ii) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The registered scheme does not have a material direct or indirect exposure to interest rate risk.

**(iii) Price Risk**

Price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. Price risk arises on financial instruments held for which prices in the future may be uncertain. These financial instruments are classified in the statement of financial position as financial assets at fair value through profit or loss.

**Note 9. Financial Risk Management (continued)**

**(b) Market Risk (continued)**

*Price risk sensitivity analysis*

The following table summarises the sensitivity of the operating profit and net assets attributable to unitholders to price risk, as represented by a +/- 10% movement in the key regional markets affecting the registered scheme's proportionate interest in Platinum International Fund's performance and results, with all other variables held constant. The 10% figure is based on management's estimates of reasonably possible movements of Platinum International Fund's operating profit and net assets, having regard to a number of factors including historical investment price movements and foreign exchange rates. However, actual movements may be greater or less than anticipated due to a number of factors, including unforeseen market movements and macroeconomic events.

	<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
	<b>+10%</b>	<b>(10%)</b>	<b>+10%</b>	<b>(10%)</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
China	15,426	(15,426)	10,491	(10,491)
United States	20,599	(20,599)	9,985	(9,985)
Other	24,345	(24,345)	18,991	(18,991)
	<u>60,370</u>	<u>(60,370)</u>	<u>39,467</u>	<u>(39,467)</u>

**(c) Credit Risk**

This registered scheme does not have material direct exposure to credit risk.

**(d) Liquidity Risk**

Liquidity risk is the risk that sufficient cash resources may not be able to be generated to settle obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the registered scheme. The registered scheme is exposed to daily cash redemptions of redeemable units at the unitholder's request. The registered scheme is exposed to cash redemptions of redeemable units. The underlying fund holds equities that are traded on active markets and, if necessary, these can be disposed in order to fund redemption requests and distributions.

The registered scheme has various financial liabilities such as distributions payable and unsettled purchases of units in Platinum International Fund. These have no contractual maturities, but are typically settled within 30 days.

**(e) Capital Risk Management**

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

The registered scheme is a quoted managed hedged fund on the ASX under the AQUA Rules. For example, rules require the responsible entity to disclose information about units on issue, redemptions and annual distributions.

**Note 10. Fair Value Hierarchy**

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

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

The registered scheme measures and recognises the units held in the Platinum International Fund, as a fair value investment, pursuant to AASB 13, on a recurring basis.

**Platinum International Fund (Quoted Managed Hedge Fund)**  
**Notes to Financial Statements**  
**30 June 2019**

**Note 10. Fair Value Hierarchy (continued)**

As can be seen from the table below, the registered scheme has no assets that are classified as level 3. For all other financial assets, the carrying value approximates fair value.

<b>30 June 2019</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Financial assets</b>				
Units held in the Platinum International Fund (reconciles to note 4)	-	325,817	-	325,817
<b>Total of financial assets</b>	<b>-</b>	<b>325,817</b>	<b>-</b>	<b>325,817</b>
<b>30 June 2018</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Financial assets</b>				
Units held in the Platinum International Fund (reconciles to note 4)	-	213,261	-	213,261
<b>Total of financial assets</b>	<b>-</b>	<b>213,261</b>	<b>-</b>	<b>213,261</b>

The registered scheme's policy is to recognise transfers into and transfers out of fair value hierarchy levels at balance date. There were no transfers between levels 1 and 2 for any assets measured at fair value during the year.

*Valuation techniques used to classify assets as level 2*

The units held in the Platinum International Fund have been classified as level 2, because these units are valued based on the 30 June 2019 ex-distribution redemption price, which is based on the underlying value of the net assets of Platinum International Fund, which includes both observable and unobservable asset balances.

**Note 11. Key Management Personnel Disclosures**

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

**Key management personnel**

The following persons were key management personnel of Platinum Investment Management Limited at any time during the period, from 1 July 2018 to 30 June 2019, unless otherwise stated:

Andrew Clifford<sup>^</sup>  
 Kerr Neilson<sup>^</sup> (until 23 July 2018)  
 Elizabeth Norman  
 Andrew Stannard

<sup>^</sup> As part of Platinum's long-term succession planning, Andrew Clifford was appointed as the Managing Director of PIML effective 1 July 2018, replacing Kerr Neilson.

Kerr Neilson remains a full time executive director of Platinum Asset Management Limited and a member of Platinum's investment team, continuing to work on the generation of investment ideas and company research.

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

**Service Agreements**

The KMP do not have service agreements with the registered scheme as they are employees of Platinum Investment Management Limited.

**Platinum International Fund (Quoted Managed Hedge Fund)**  
**Notes to Financial Statements**  
**30 June 2019**

**Note 12. Related Parties**

*Responsible Entity*

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

*Directors of the Responsible Entity*

Key management personnel include persons who were Directors of Platinum Investment Management Limited at any time during the year, are listed in Note 11.

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

**Transactions with key management personnel**

There was no compensation paid directly by the registered scheme to any of the key management personnel.

**Related party unitholdings**

PIML held no units in PIXX at any time in the current year. In the prior year, PIML purchased 2,280,750 units and sold those units in the same year, when PIXX reached a level that was considered to be of sufficient size and scale for the investment to be removed.

**Responsible Entity Fees**

Management and performance fees are borne at the Platinum International Fund level and were reflected in the unit price of units purchased in the Platinum International Fund. No fees were paid out of the registered scheme property directly to the Directors of the responsible entity during the year

**Note 13. Notes to the statement of cash flows**

Reconciliation of profit after income tax to net cash (used in) operating activities

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Net operating profit attributable to unitholders	6,555	1,542
(Increase) in investments	(117,137)	(213,261)
(Increase) in distribution receivable	(1,163)	(27,514)
Increase in payables	450	-
Net cash (used in) operating activities	<u>(111,295)</u>	<u>(239,233)</u>

**Note 14. Operating segments**

The registered scheme's investments are managed on a single portfolio basis in one operating segment, being investment and this operating activity takes place in Sydney, Australia, which is the registered scheme's only geographic segment. The registered scheme has indirect foreign investment exposure, via its investment in Platinum International Fund, which invests in undervalued securities around the world.

**Platinum International Fund (Quoted Managed Hedge Fund)**  
**Notes to Financial Statements**  
**30 June 2019**

**Note 15. Structured entities**

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. Depending on the registered scheme's power over the activities of the entity and its exposure to and ability to influence its own returns, it may control the entity. However the registered scheme applies the "Investment Entity Exemption" available under AASB 10: *Consolidated Financial Statements* and therefore does not consolidate its controlled entities. In other cases, it may have exposure to such an entity but not control it.

An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the registered scheme. Such interests include holdings of units in unlisted trusts. The table below provides a summary in relation to the registered scheme's investment in Platinum International Fund.

<b>30 June 2019</b>	<b>Financial assets at fair value (\$'000)</b>	<b>Interest held as a % of PAF's Net Asset Value</b>	<b>Gross distribution receivable (\$'000)</b>	<b>Number of units acquired in the financial year</b>	<b>Number of units disposed of in the financial year</b>
Platinum International Fund ("PIF")	325,817	3.2%	28,677	152,678,596	9,817,217
<b>30 June 2018</b>					
Platinum International Fund ("PIF")	213,261	2.0%	27,514	239,328,176	26,892,731

The registered scheme has exposures to unconsolidated structured entities through its investment activities. The registered scheme's maximum exposure to loss is restricted to the carrying value of the asset. The registered scheme's overall risk management programme focuses on ensuring compliance with its governing documents and seeks to maximise the returns derived for the level of risk to which the registered scheme is exposed. The risks associated with the investments are disclosed to in note 9.

During the year, the registered scheme did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support.

As at 30 June 2019, there were no capital commitments other than unsettled sales or unsettled purchases in the Statement of Financial Position.

**Note 16. Events Occurring after Balance Date**

No significant events have occurred since balance date that would impact the financial position of the registered scheme as at 30 June 2019 and the results for the year ended on that date.

**Note 17. Contingent Assets, Liabilities and Commitments**

The registered scheme has no contingent assets, liabilities or commitments as at 30 June 2019.

**Platinum International Fund (Quoted Managed Hedge Fund)**  
**Directors' Declaration**  
**As at 30 June 2019**

- (a) the financial statements and notes set out on pages 7 to 21 are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving true and fair view of the registered scheme's financial position as at 30 June 2019 and of its performance for the financial year ended on that date, and
- (b) there were reasonable grounds to believe that the registered scheme will be able to pay its debts as and when they become due and payable.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Andrew Stannard  
Director

Sydney  
13 September 2019



## *Independent auditor's report*

To the unitholders of Platinum International Fund (Quoted Managed Hedge Fund)

### *Report on the audit of the financial report*

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#### *Our opinion*

In our opinion:

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

- (a) giving a true and fair view of the Registered Scheme's financial position as at 30 June 2019 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### *What we have audited*

The financial report comprises:

- the statement of financial position as at 30 June 2019
  - the statement of changes in equity for the year then ended
  - the statement of cash flows for the year then ended
  - the statement of comprehensive income for the year then ended
  - the notes to the financial statements, which include a summary of significant accounting policies
  - the directors of the Responsible Entity's 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 Scheme 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. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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#### *Our audit approach*

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if

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individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Registered Scheme, its accounting processes and controls and the industry in which it operates.



Materiality	Audit scope	Key audit matters
<ul style="list-style-type: none"> <li>For the purpose of our audit we used overall materiality of \$3.258 million, which represents approximately 1% of the Registered Scheme's net assets attributable to unitholders.</li> <li>We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.</li> <li>We chose net assets as this is a generally accepted benchmark in the fund industry.</li> <li>We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.</li> </ul>	<ul style="list-style-type: none"> <li>Our audit focused on where the Registered Scheme made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.</li> <li>Our audit approach reflects the nature of the investments held by the Registered Scheme and the consideration of the work undertaken by third party service providers. The key service providers manage the Registered Scheme's investments, maintain the accounting records and provide custodian services.</li> </ul>	<ul style="list-style-type: none"> <li>Amongst other relevant topics, we communicated the following key audit matter to the Board :               <ul style="list-style-type: none"> <li>Investment valuation and existence</li> </ul> </li> <li>This is further described in the <i>Key audit matters</i> section of our report.</li> </ul>



## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

### Key audit matter

### How our audit addressed the key audit matter

#### **Investment valuation and existence**

*Refer to note 1 (summary of significant accounting policies) and Note 4 and 5 (Financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss)*

At 30 June 2019, investments in financial assets of \$325.8 million were comprised primarily of investments in an unlisted fund.

The existence and valuation of financial assets was a key audit matter because financial assets represent the principal element of the Statement of financial position in the financial statements, accounting for 100% of net assets. A discrepancy in the valuation or existence of investments could cause the net assets attributable to unitholders to be materially misstated which could also impact the Registered Scheme's performance as the valuation of financial assets is the main driver of movements in its profit.

Our audit procedures on investment valuation included, amongst others:

- Obtain a confirmation of the 30 June 2019 redemption price for the unlisted fund and the number of units held by the Registered Scheme at balance date from the custodian and recalculated the value of the investment using these inputs and compared this to the fair value recognised by the Registered Scheme.

Our audit procedures over investment existence included, amongst others:

- We obtained the most recent System and Organization Controls ("SOC 1") Report issued by the custodian, setting out the controls in place at that service organisation, which included an independent audit opinion over the design and operating effectiveness of those controls. We evaluated the controls over investment existence, the tests undertaken by the auditor and the results of these tests and the auditor's conclusions on the design and operational controls to the extent relevant to our audit of the Registered Scheme. This report and assurance opinion is comparable to the Australian equivalent, ASAE 3402 issued by the Auditing and Assurance Standards Board.
- We obtained confirmations from the custodian of the investment holdings as at 30 June 2019 and sample tested the largest reconciling items by obtaining supporting evidence for the differences.
- We assessed the adequacy of the disclosures in Note 2, Note 4, Note 9 and Note 10 to the financial report in light of the requirements of Australian



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*Key audit matter*

*How our audit addressed the key audit matter*

Accounting Standards.

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*Other information*

The directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2019, 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 we do not and will not express an opinion or any form of assurance conclusion thereon.

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

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

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

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

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

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*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/ar2.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf). This description forms part of our auditor's report.

### *Matters relating to the electronic presentation of the audited financial report*

This auditor's report relates to the financial report of Platinum International Fund (Quoted Managed Hedge Fund) for the year ended 30 June 2019 included on Platinum International Fund (Quoted Managed Hedge Fund)'s web site. The directors of the Responsible Entity of the Registered Scheme are responsible for the integrity of Platinum International Fund (Quoted Managed Hedge Fund)'s web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

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

Simon Cuthbert  
Partner

Sydney  
13 September 2019