

**Platinum International Fund<sup>®</sup> ARSN 089 528 307**

**Platinum Unhedged Fund<sup>™</sup> ARSN 123 939 471**

**Platinum Asia Fund<sup>®</sup> ARSN 104 043 110**

**Platinum European Fund<sup>®</sup> ARSN 089 528 594**

**Platinum Japan Fund<sup>®</sup> ARSN 089 528 825**

**Platinum International Brands Fund<sup>®</sup> ARSN 092 429 813**

**Platinum International Health Care Fund<sup>®</sup> ARSN 107 023 530**

**Platinum International Technology Fund<sup>®</sup> ARSN 092 429 555**

**Annual Report - 30 June 2019**

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**30 June 2019**

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## 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, 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 2019.

### 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

As part of Platinum’s long-term succession planning, 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.

The year ended 30 June 2019 has been challenging for the registered schemes. The view of management is that given the ongoing uncertainty in relation to the trade war, global markets remain extremely risk averse, thus favouring high growth companies, which are perceived to be immune from external events, such as the US/China trade war. In contrast, value stocks and any company with a degree of cyclicity are being avoided by investors, yet Platinum has always believed that an attractive valuation should be the starting point for any investment. It is this growing valuation divergence between growth and perceived safety on one hand and attractive valuations on the other hand, which is the hallmark of global markets today. We simply cannot ignore these attractive valuations, notwithstanding the possibility that many of these companies are proving to be sensitive in the short-term to recent economic events.

In terms of outlook for our global flagship fund, Platinum International Fund, the Investment Manager has recently noted that:

*“We 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.”*

**Responsible Entity Report  
30 June 2019**

**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 2019, were as follows:

|                                     | <b>International<br/>Fund<br/>\$'000</b> | <b>Unhedged<br/>Fund<br/>\$'000</b> | <b>Asia<br/>Fund<br/>\$'000</b> | <b>European<br/>Fund<br/>\$'000</b> | <b>Japan<br/>Fund<br/>\$'000</b> | <b>International<br/>Brands<br/>Fund<br/>\$'000</b> | <b>International<br/>Health Care<br/>Fund<br/>\$'000</b> | <b>International<br/>Technology<br/>Fund<br/>\$'000</b> |
|-------------------------------------|--|-------------------------------------|---------------------------------|-------------------------------------|----------------------------------|---|--|---|
| Net operating (loss)/profit<br>2019 | 74,281                                   | (4,767)                             | 24,056                          | 10,976                              | 21,671                           | (19,442)  | 9,918  | 4,909   |
| 2018                                | 1,400,008                                | 46,421                              | 686,784                         | 109,167                             | 71,946                           | 144,666   | 33,063   | 11,634  |

The distributions of the registered schemes at 30 June were:

| Distribution Paid and Payable |         |                  |               |                |               |               |                |               |              |
|-------------------------------|---------|------------------|---------------|----------------|---------------|---------------|----------------|---------------|--------------|
| 2019                          | C Class | 782,729          | 15,278        | 226,740        | 57,914        | 78,364        | 65,341         | 26,321        | 4,150        |
| 2019                          | P Class | 29,533           | 125           | 10,038         | 321           | 603           | 237            | 441           | 68           |
|                               |         | <u>812,262</u>   | <u>15,403</u> | <u>236,778</u> | <u>58,235</u> | <u>78,967</u> | <u>65,578</u>  | <u>26,762</u> | <u>4,218</u> |
| 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> |
| Distribution (cents per unit) |         |                  |               |                |               |               |                |               |              |
| 2019                          | C Class | 15.73            | 8.46          | 13.14          | 23.20         | 45.88         | 20.62          | 22.16         | 6.59         |
| 2019                          | P Class | 8.14             | 5.97          | 5.37           | 6.99          | 11.52         | 9.47           | 12.18         | 4.94         |
| 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         |

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

| Redemption Price – (cum-distribution) |         |        |        |        |        |        |        |        |        |
|---------------------------------------|---------|--------|--------|--------|--------|--------|--------|--------|--------|
| 2019 (\$)                             | C Class | 2.0784 | 1.6759 | 2.5997 | 3.7028 | 4.5754 | 2.2419 | 2.2181 | 1.7508 |
| 2019 (\$)                             | P Class | 0.9989 | 1.0641 | 0.9292 | 1.0715 | 1.0762 | 0.9002 | 1.1375 | 1.1493 |
| 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 |

## **Responsible Entity Report 30 June 2019**

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

From 1 July 2018, as part of Platinum's long-term succession planning, 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 2019 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 2019**

**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 schemes 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  
12 September 2019



## *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 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', is written over a faint horizontal line.

Simon Cuthbert  
Partner  
PricewaterhouseCoopers

Sydney  
12 September 2019

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**PricewaterhouseCoopers, ABN 52 780 433 757**

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Liability limited by a scheme approved under Professional Standards Legislation.

**Statements of Comprehensive Income  
For the year ended 30 June 2019**

|   | Note | International Fund        |                           | Unhedged Fund             |                           | Asia Fund                 |                           | European Fund             |                           |
|---|------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|   |      | Year ended                |                           | Year ended                |                           | Year ended                |                           | Year ended                |                           |
|   |      | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 |
| <b>Investment income</b>  |      |                           |                           |                           |                           |                           |                           |                           |                           |
| Dividends   |      | 208,286                   | 211,177                   | 6,242                     | 4,974                     | 64,351                    | 77,254                    | 20,348                    | 16,835                    |
| Interest  |      | 15,884                    | 4,448                     | 116                       | 146                       | 8,977                     | 1,814                     | 981                       | 1,642                     |
| Net (losses)/gains on financial assets at fair value through profit or loss |      | (28,974)                  | 1,325,515                 | (8,026)                   | 44,878                    | 75,695                    | 681,419                   | 3,412                     | 100,672                   |
| Net foreign exchange gains/(losses) on forward currency contracts           |      | (14,554)                  | 4,891                     | (44)                      | 14                        | (45,106)                  | (12,619)                  | (2,122)                   | 5,042                     |
| Net foreign exchange gains on bank accounts                                 |      | 77,787                    | 43,716                    | 2,229                     | 1,267                     | 3,590                     | 25,480                    | 5,449                     | 53                        |
| <b>Total net investment income</b>  |      | <b>258,429</b>            | <b>1,589,747</b>          | <b>517</b>                | <b>51,279</b>             | <b>107,507</b>            | <b>773,348</b>            | <b>28,068</b>             | <b>124,244</b>            |
| <b>Expenses</b>   |      |                           |                           |                           |                           |                           |                           |                           |                           |
| Management fee  | 12   | 143,130                   | 150,564                   | 4,123                     | 3,988                     | 60,158                    | 64,857                    | 12,893                    | 11,252                    |
| Performance fee   | 12   | -                         | 370                       | -                         | 7                         | -                         | 246                       | 2                         | 19                        |
| Withholding tax on foreign dividends  |      | 23,853                    | 19,854                    | 690                       | 369                       | 5,700                     | 6,734                     | 1,881                     | 1,761                     |
| Transaction costs   |      | 16,792                    | 18,827                    | 471                       | 494                       | 16,996                    | 14,645                    | 2,304                     | 2,044                     |
| Other   |      | 373                       | 124                       | -                         | -                         | 597                       | 82                        | 12                        | 1                         |
| <b>Total expenses</b>   |      | <b>184,148</b>            | <b>189,739</b>            | <b>5,284</b>              | <b>4,858</b>              | <b>83,451</b>             | <b>86,564</b>             | <b>17,092</b>             | <b>15,077</b>             |
| <b>Net operating profit</b>   |      | <b>74,281</b>             | <b>1,400,008</b>          | <b>(4,767)</b>            | <b>46,421</b>             | <b>24,056</b>             | <b>686,784</b>            | <b>10,976</b>             | <b>109,167</b>            |
| <b>Financing Costs</b>  |      |                           |                           |                           |                           |                           |                           |                           |                           |
| <b>Net operating profit attributable to unitholders</b>                     |      | <b>74,281</b>             | <b>1,400,008</b>          | <b>(4,767)</b>            | <b>46,421</b>             | <b>24,056</b>             | <b>686,784</b>            | <b>10,976</b>             | <b>109,167</b>            |
| Decrease/(increase) in net assets attributable to unitholders               | 5    | 737,981                   | (174,207)                 | 20,170                    | (19,204)                  | 212,722                   | 235,964                   | 47,259                    | (36,851)                  |
| Distribution paid and payable   | 6    | (812,262)                 | (1,225,801)               | (15,403)                  | (27,217)                  | (236,778)                 | (922,748)                 | (58,235)                  | (72,316)                  |
| Other comprehensive income  |      | -                         | -                         | -                         | -                         | -                         | -                         | -                         | -                         |
| <b>Total comprehensive income</b>   |      | <b>-</b>                  |

*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 2019**

|   | Note | Japan Fund                |                           | International Brands Fund |                           | International Health Care Fund |                           | International Technology Fund |                           |
|---|------|---------------------------|---------------------------|---------------------------|---------------------------|--------------------------------|---------------------------|-------------------------------|---------------------------|
|   |      | Year ended                |                           | Year ended                |                           | Year ended                     |                           | Year ended                    |                           |
|   |      | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 | 30 June<br>2019<br>\$'000      | 30 June<br>2018<br>\$'000 | 30 June<br>2019<br>\$'000     | 30 June<br>2018<br>\$'000 |
| <b>Investment income</b>  |      |                           |                           |                           |                           |                                |                           |                               |                           |
| Dividends   |      | 16,771                    | 15,341                    | 12,169                    | 18,128                    | 1,675                          | 1,698                     | 1,593                         | 1,286                     |
| Interest  |      | 302                       | 213                       | 1,266                     | 576                       | 267                            | 7                         | 286                           | 136                       |
| Other income  |      | -                         | -                         | 4                         | -                         | -                              | -                         | -                             | -                         |
| Net (losses)/gains on financial assets at fair value through profit or loss |      | 9,250                     | 72,427                    | (20,206)                  | 139,124                   | 8,842                          | 33,333                    | 3,645                         | 11,638                    |
| Net foreign exchange gains/(losses) on forward currency contracts           |      | 3,799                     | (5,538)                   | (5,370)                   | (2,151)                   | 1,537                          | 160                       | (26)                          | (29)                      |
| Net foreign exchange gains on bank accounts                                 |      | 5,061                     | 2,576                     | 4,904                     | 4,238                     | 1,397                          | 856                       | 1,205                         | 235                       |
| <b>Total net investment income</b>  |      | <b>35,183</b>             | <b>85,019</b>             | <b>(7,233)</b>            | <b>159,915</b>            | <b>13,718</b>                  | <b>36,054</b>             | <b>6,703</b>                  | <b>13,266</b>             |
| <b>Expenses</b>   |      |                           |                           |                           |                           |                                |                           |                               |                           |
| Management fee  | 12   | 10,448                    | 10,476                    | 9,977                     | 12,037                    | 3,293                          | 2,576                     | 1,523                         | 1,384                     |
| Performance fee   | 12   | -                         | 9                         | -                         | -                         | -                              | 15                        | -                             | -                         |
| Withholding tax on foreign dividends  |      | 1,715                     | 1,528                     | 996                       | 1,603                     | 214                            | 197                       | 174                           | 143                       |
| Transaction costs   |      | 1,338                     | 1,059                     | 1,236                     | 1,604                     | 286                            | 202                       | 97                            | 105                       |
| Other   |      | 11                        | 1                         | -                         | 5                         | 7                              | 1                         | -                             | -                         |
| <b>Total expenses</b>   |      | <b>13,512</b>             | <b>13,073</b>             | <b>12,209</b>             | <b>15,249</b>             | <b>3,800</b>                   | <b>2,991</b>              | <b>1,794</b>                  | <b>1,632</b>              |
| <b>Net operating profit</b>   |      | <b>21,671</b>             | <b>71,946</b>             | <b>(19,442)</b>           | <b>144,666</b>            | <b>9,918</b>                   | <b>33,063</b>             | <b>4,909</b>                  | <b>11,634</b>             |
| <b>Financing Costs</b>  |      |                           |                           |                           |                           |                                |                           |                               |                           |
| <b>Net operating profit attributable to unitholders</b>                     |      | <b>21,671</b>             | <b>71,946</b>             | <b>(19,442)</b>           | <b>144,666</b>            | <b>9,918</b>                   | <b>33,063</b>             | <b>4,909</b>                  | <b>11,634</b>             |
| Decrease/(increase) in net assets attributable to unitholders               | 5    | 57,296                    | (29,583)                  | 85,020                    | 44,695                    | 16,844                         | (17,826)                  | (691)                         | (9,342)                   |
| Distribution paid and payable   | 6    | (78,967)                  | (42,363)                  | (65,578)                  | (189,361)                 | (26,762)                       | (15,237)                  | (4,218)                       | (2,292)                   |
| Other comprehensive income  |      | -                         | -                         | -                         | -                         | -                              | -                         | -                             | -                         |
| <b>Total comprehensive income</b>   |      | <b>-</b>                  | <b>-</b>                  | <b>-</b>                  | <b>-</b>                  | <b>-</b>                       | <b>-</b>                  | <b>-</b>                      | <b>-</b>                  |

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

**Statements of Financial Position  
As at 30 June 2019**

|   | Note  | International Fund        |                           | Unhedged Fund             |                           | Asia Fund                 |                           | European Fund             |                           |
|---|-------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|   |       | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 |
| <b>Assets</b>   |       |                           |                           |                           |                           |                           |                           |                           |                           |
| Cash and cash equivalents   | 13(a) | 1,885,214                 | 1,496,833                 | 50,001                    | 52,200                    | 927,538                   | 777,344                   | 102,637                   | 137,636                   |
| Receivables   | 7     | 54,974                    | 79,836                    | 1,363                     | 4,103                     | 27,790                    | 24,342                    | 12,807                    | 36,783                    |
| Financial assets at fair value through profit or loss                       | 4     | 8,933,516                 | 10,052,076                | 255,546                   | 284,360                   | 3,784,987                 | 4,109,589                 | 837,334                   | 870,098                   |
| <b>Total Assets</b>   |       | <b>10,873,704</b>         | <b>11,628,745</b>         | <b>306,910</b>            | <b>340,663</b>            | <b>4,740,315</b>          | <b>4,911,275</b>          | <b>952,778</b>            | <b>1,044,517</b>          |
| <b>Liabilities</b>  |       |                           |                           |                           |                           |                           |                           |                           |                           |
| Unitholders' distribution payable   | 6     | 812,262                   | 1,225,801                 | 15,403                    | 27,217                    | 236,778                   | 922,748                   | 58,235                    | 72,316                    |
| Payables  | 8     | 78,237                    | 20,895                    | 860                       | 1,397                     | 44,367                    | 5,675                     | 17,280                    | 4,163                     |
| Financial liabilities at fair value through profit or loss                  | 4     | 66,356                    | 23,006                    | -                         | 463                       | 23,782                    | -                         | 4,011                     | 6,858                     |
| <b>Total Liabilities (excluding net assets attributable to unitholders)</b> |       | <b>956,855</b>            | <b>1,269,702</b>          | <b>16,263</b>             | <b>29,077</b>             | <b>304,927</b>            | <b>928,423</b>            | <b>79,526</b>             | <b>83,337</b>             |
| <b>Net Assets Attributable to Unitholders - Liability</b>                   | 5     | <b>9,916,849</b>          | <b>10,359,043</b>         | <b>290,647</b>            | <b>311,586</b>            | <b>4,435,388</b>          | <b>3,982,852</b>          | <b>873,252</b>            | <b>961,180</b>            |

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

**Statements of Financial Position**  
**As at 30 June 2019**

|   | Note  | Japan Fund     |                | International Brands Fund |                | International Health Care Fund |                | International Technology Fund |                |
|---|-------|----------------|----------------|---------------------------|----------------|--------------------------------|----------------|-------------------------------|----------------|
|   |       | As at          |                | As at                     |                | As at                          |                | As at                         |                |
|   |       | 30 June 2019   | 30 June 2018   | 30 June 2019              | 30 June 2018   | 30 June 2019                   | 30 June 2018   | 30 June 2019                  | 30 June 2018   |
|   |       | \$'000         | \$'000         | \$'000                    | \$'000         | \$'000                         | \$'000         | \$'000                        | \$'000         |
| <b>Assets</b>   |       |                |                |                           |                |                                |                |                               |                |
| Cash and cash equivalents   | 13(a) | 86,986         | 77,279         | 129,793                   | 206,371        | 49,797                         | 23,567         | 24,164                        | 22,909         |
| Receivables   | 7     | 1,435          | 1,085          | 13,426                    | 3,947          | 574                            | 1,389          | 153                           | 207            |
| Financial assets at fair value through profit or loss                       | 4     | 708,481        | 751,641        | 576,517                   | 712,946        | 225,429                        | 191,061        | 87,952                        | 92,767         |
| <b>Total Assets</b>   |       | <b>796,902</b> | <b>830,005</b> | <b>719,736</b>            | <b>923,264</b> | <b>275,800</b>                 | <b>216,017</b> | <b>112,269</b>                | <b>115,883</b> |
| <b>Liabilities</b>  |       |                |                |                           |                |                                |                |                               |                |
| Unitholders' distribution payable   | 6     | 78,967         | 42,363         | 65,578                    | 189,361        | 26,762                         | 15,237         | 4,218                         | 2,292          |
| Payables  | 8     | 3,312          | 876            | 903                       | 1,125          | 7,033                          | 704            | 131                           | 142            |
| Financial liabilities at fair value through profit or loss                  | 4     | 5,280          | -              | 3,893                     | 8,269          | 738                            | -              | 10                            | -              |
| <b>Total Liabilities (excluding net assets attributable to unitholders)</b> |       | <b>87,559</b>  | <b>43,239</b>  | <b>70,374</b>             | <b>198,755</b> | <b>34,533</b>                  | <b>15,941</b>  | <b>4,359</b>                  | <b>2,434</b>   |
| <b>Net Assets Attributable to Unitholders - Liability</b>                   | 5     | <b>709,343</b> | <b>786,766</b> | <b>649,362</b>            | <b>724,509</b> | <b>241,267</b>                 | <b>200,076</b> | <b>107,910</b>                | <b>113,449</b> |

*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 2019**

|  | International Fund        |                           | Unhedged Fund             |                           | Asia Fund                 |                           | European Fund             |                           |
|--|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|  | Year ended                |                           | Year ended                |                           | Year ended                |                           | Year ended                |                           |
|  | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 |
| <b>Total equity at the beginning of the year</b> | -                         | -                         | -                         | -                         | -                         | -                         | -                         | -                         |
| Profit for the year                              | -                         | -                         | -                         | -                         | -                         | -                         | -                         | -                         |
| Other comprehensive income                       | -                         | -                         | -                         | -                         | -                         | -                         | -                         | -                         |
| <b>Total comprehensive income for the year</b>   | -                         | -                         | -                         | -                         | -                         | -                         | -                         | -                         |
| Transactions with equity holders                 | -                         | -                         | -                         | -                         | -                         | -                         | -                         | -                         |
| <b>Total equity at the end of the year</b>       | -                         | -                         | -                         | -                         | -                         | -                         | -                         | -                         |

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 2019**

|  | Japan Fund                |                           | International Brands Fund |                           | International Health Care Fund |                           | International Technology Fund |                           |
|--|---------------------------|---------------------------|---------------------------|---------------------------|--------------------------------|---------------------------|-------------------------------|---------------------------|
|  | Year ended                |                           | Year ended                |                           | Year ended                     |                           | Year ended                    |                           |
|  | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 | 30 June<br>2019<br>\$'000      | 30 June<br>2018<br>\$'000 | 30 June<br>2019<br>\$'000     | 30 June<br>2018<br>\$'000 |
| <b>Total equity at the beginning of the year</b> | -                         | -                         | -                         | -                         | -                              | -                         | -                             | -                         |
| Profit for the year                              | -                         | -                         | -                         | -                         | -                              | -                         | -                             | -                         |
| Other comprehensive income                       | -                         | -                         | -                         | -                         | -                              | -                         | -                             | -                         |
| <b>Total comprehensive income for the year</b>   | -                         | -                         | -                         | -                         | -                              | -                         | -                             | -                         |
| Transactions with equity holders                 | -                         | -                         | -                         | -                         | -                              | -                         | -                             | -                         |
| <b>Total equity at the end of the year</b>       | -                         | -                         | -                         | -                         | -                              | -                         | -                             | -                         |

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 2019**

|   | Note  | International Fund        |                           | Unhedged Fund             |                           | Asia Fund                 |                           | European Fund             |                           |
|---|-------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|   |       | Year ended                |                           | Year ended                |                           | Year ended                |                           | Year ended                |                           |
|   |       | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 |
| <b>Cash flows from operating activities</b>                   |       |                           |                           |                           |                           |                           |                           |                           |                           |
| Purchase of financial assets                                  |       | (4,226,498)               | (5,339,621)               | (66,702)                  | (114,628)                 | (7,365,295)               | (3,914,486)               | (339,365)                 | (529,148)                 |
| Proceeds from sale of financial assets                        |       | 5,443,251                 | 5,674,986                 | 89,438                    | 89,716                    | 7,774,851                 | 4,397,325                 | 409,124                   | 176,220                   |
| Interest received   |       | 16,081                    | 4,190                     | 120                       | 134                       | 8,452                     | 1,758                     | 1,084                     | 1,532                     |
| Dividends received  |       | 188,867                   | 199,953                   | 5,926                     | 4,743                     | 65,756                    | 72,406                    | 17,359                    | 12,650                    |
| Management fees paid  |       | (144,910)                 | (150,565)                 | (4,174)                   | (3,930)                   | (60,824)                  | (65,048)                  | (13,048)                  | (10,815)                  |
| Performance fees paid   |       | -                         | (370)                     | -                         | (7)                       | (1)                       | (245)                     | (4)                       | (17)                      |
| Other expenses paid   |       | (20,353)                  | (19,087)                  | (779)                     | (969)                     | (17,670)                  | (14,697)                  | (2,281)                   | (2,104)                   |
| <b>Net cash inflow/(outflow) from operating activities</b>    | 13(c) | 1,256,438                 | 369,486                   | 23,829                    | (24,941)                  | 405,269                   | 477,013                   | 72,869                    | (351,682)                 |
| <b>Cash flows from financing activities</b>                   |       |                           |                           |                           |                           |                           |                           |                           |                           |
| Proceeds from units issued                                    | 5     | 1,879,223                 | 2,149,683                 | 59,033                    | 88,931                    | 1,077,789                 | 840,530                   | 181,124                   | 472,471                   |
| Payment for units redeemed                                    | 5     | (1,583,436)               | (1,391,518)               | (59,802)                  | (19,162)                  | (412,531)                 | (595,591)                 | (221,793)                 | (62,776)                  |
| Distributions paid  | 6     | (1,225,801)               | (892,003)                 | (27,217)                  | (24,087)                  | (922,748)                 | (460,673)                 | (72,316)                  | (26,828)                  |
| <b>Net cash inflow/(outflow) from financing activities</b>    |       | (930,014)                 | (133,838)                 | (27,986)                  | 45,682                    | (257,490)                 | (215,734)                 | (112,985)                 | 382,867                   |
| <b>Net increase/(decrease) in cash and cash equivalents</b>   |       | 326,424                   | 235,648                   | (4,157)                   | 20,741                    | 147,779                   | 261,279                   | (40,116)                  | 31,185                    |
| Cash and cash equivalents at beginning of the year            |       | 1,496,833                 | 1,216,648                 | 52,200                    | 30,162                    | 777,344                   | 489,945                   | 137,636                   | 106,580                   |
| Effects of exchange rate changes on cash and cash equivalents |       | 61,957                    | 44,537                    | 1,958                     | 1,297                     | 2,415                     | 26,120                    | 5,117                     | (129)                     |
| <b>Cash and cash equivalents at the end of the year</b>       | 13(a) | 1,885,214                 | 1,496,833                 | 50,001                    | 52,200                    | 927,538                   | 777,344                   | 102,637                   | 137,636                   |

*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 2019**

|   | Note  | Japan Fund   |              | International Brands Fund |              | International Health Care Fund |              | International Technology Fund |              |
|---|-------|--------------|--------------|---------------------------|--------------|--------------------------------|--------------|-------------------------------|--------------|
|   |       | Year ended   |              | Year ended                |              | Year ended                     |              | Year ended                    |              |
|   |       | 30 June 2019 | 30 June 2018 | 30 June 2019              | 30 June 2018 | 30 June 2019                   | 30 June 2018 | 30 June 2019                  | 30 June 2018 |
|   |       | \$'000       | \$'000       | \$'000                    | \$'000       | \$'000                         | \$'000       | \$'000                        | \$'000       |
| <b>Cash flows from operating activities</b>                   |       |              |              |                           |              |                                |              |                               |              |
| Purchase of financial assets                                  |       | (533,896)    | (291,118)    | (477,606)                 | (527,731)    | (112,571)                      | (56,694)     | (14,349)                      | (28,944)     |
| Proceeds from sale of financial assets                        |       | 599,321      | 228,553      | 578,475                   | 708,485      | 96,570                         | 47,389       | 22,819                        | 20,433       |
| Interest received   |       | 302          | 188          | 1,261                     | 550          | 261                            | 3            | 293                           | 124          |
| Dividends received  |       | 14,696       | 13,055       | 11,258                    | 17,919       | 1,404                          | 1,468        | 1,472                         | 1,137        |
| Management fees paid  |       | (10,534)     | (10,378)     | (10,245)                  | (12,192)     | (3,247)                        | (2,585)      | (1,533)                       | (1,376)      |
| Performance fees paid   |       | -            | (9)          | -                         | -            | (15)                           | -            | -                             | -            |
| Other expenses paid   |       | (1,333)      | (1,070)      | (2,608)                   | (1,717)      | (313)                          | (206)        | (104)                         | (105)        |
| <b>Net cash inflow/(outflow) from operating activities</b>    | 13(c) | 68,556       | (60,779)     | 100,535                   | 185,314      | (17,911)                       | (10,625)     | 8,598                         | (8,731)      |
| <b>Cash flows from financing activities</b>                   |       |              |              |                           |              |                                |              |                               |              |
| Proceeds from units issued                                    | 5     | 74,594       | 205,361      | 141,666                   | 133,843      | 79,264                         | 49,176       | 11,565                        | 28,673       |
| Payment for units redeemed                                    | 5     | (94,721)     | (55,914)     | (131,793)                 | (181,915)    | (21,229)                       | (28,042)     | (17,795)                      | (11,235)     |
| Distributions paid  | 6     | (42,363)     | (39,032)     | (189,361)                 | (104,944)    | (15,237)                       | (26,931)     | (2,292)                       | (5,019)      |
| <b>Net cash inflow/(outflow) from financing activities</b>    |       | (62,490)     | 110,415      | (179,488)                 | (153,016)    | 42,798                         | (5,797)      | (8,522)                       | 12,419       |
| <b>Net increase/(decrease) in cash and cash equivalents</b>   |       | 6,066        | 49,636       | (78,953)                  | 32,298       | 24,887                         | (16,422)     | 76                            | 3,688        |
| Cash and cash equivalents at beginning of the year            |       | 77,279       | 25,401       | 206,371                   | 169,826      | 23,567                         | 39,100       | 22,909                        | 18,990       |
| Effects of exchange rate changes on cash and cash equivalents |       | 3,641        | 2,242        | 2,375                     | 4,247        | 1,343                          | 889          | 1,179                         | 231          |
| <b>Cash and cash equivalents at the end of the year</b>       | 13(a) | 86,986       | 77,279       | 129,793                   | 206,371      | 49,797                         | 23,567       | 24,164                        | 22,909       |

*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 2019**

**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.

| <b>Registered Schemes</b>   | <b>Date of Commencement</b> | <b>Registered Schemes</b>               | <b>Date of Commencement</b> |
|-----------------------------|-----------------------------|---|-----------------------------|
| 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 schemes may be wound up on the day immediately preceding the 80<sup>th</sup> 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 12 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 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)**

**(a) Basis of preparation of the financial statements (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.

*Reclassification of prior year amounts*

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 increasing or decreasing the “proceeds from sale of financial assets” and amending the “purchase of financial assets” in the statement of cash flows on page 15, by the same amount. The “Net cash inflow/(outflow) from operating activities” and the “Cash and cash equivalents at the end of the year” did not change. See note 13(d) for further information.

**(b) Financial Assets and Liabilities 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 cash flows 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

For equity securities, derivatives and foreign currency forward contracts, the contractual cash flows held by the registered schemes are not comprised of principal and interest. Consequently, these investments are measured at fair value through profit or loss.

The registered schemes have 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 valuations techniques and inputs used to measure fair value.

The standard prescribes that the most representative price within the bid-ask spread should be used for valuation purposes. With respect to the registered schemes, the last-sale or “last” price is the most representative price within the bid-ask spread, because it represents the price that the security last changed hands from seller to buyer.

The registered schemes have applied last-sale pricing as the fair value measurement basis for equities and derivatives it holds.

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

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

Generally, derivatives take the form of long or short equity swap contracts. Equity swaps are valued based on the price of the underlying investment, which may be a specific share or a share market index. Daily fluctuations in the value of derivatives were recognised as part of “net gains/(losses) on financial assets at fair value through profit and loss” in the statement of profit or loss and other comprehensive income.

Long equity swap contracts allow the registered schemes to gain exposure to price movements of underlying investments without buying the underlying investment. Under the term of each long equity swap contract, the registered schemes make a profit if the underlying share price was higher on the date that the contract was closed relative to the price when the contract commenced.

With respect to short equity swap contracts, the registered schemes make a profit if the underlying share price was lower on the date that the contract was closed relative to the price when the contract commenced.

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

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 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 profit or loss and other comprehensive income in the year or period they arise.

**(c) Transaction costs**

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

**(d) Net assets attributable to unitholders**

Units are redeemable at the unitholder's option, however applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of unitholders. The units are classified as financial liabilities as the registered schemes have more than one class of units. A unitholder can redeem units at any time for cash based on the redemption price, which is equal to a proportionate share of the registered schemes' net asset value. The units are carried at the redemption amount that is payable at the end of the reporting period if the unitholders were to exercise their right to redeem the units in the registered schemes.

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

**(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 active 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**

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 schemes.

**(h) 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.

**(i) Receivables**

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

**(j) Payables**

All payables are recognised as and when the 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.

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

**(k) 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 schemes divided by the number of units on issue at or immediately prior to close of business each day. Issues and redemptions of units are processed simultaneously.

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

The 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.

**(m) Including different registered schemes' 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.

**(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.

**(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.

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

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

The following Australian Accounting Standards have been adopted by the registered schemes for the year beginning 1 January 2018 for the first time.

(a) New accounting standards and interpretations adopted for the first time

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 applied for the year beginning 1 January 2018.

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.

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 schemes, 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 schemes do 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 and liabilities at fair value through profit or loss".

*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 was effective for the annual periods 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.

AASB 15 did not result in a material change in revenue recognition for the registered schemes.

*New Standards, amendments and interpretations effective for the year after 1 January 2019 and have not been early adopted*

AASB 16: Leases (effective from 1 January 2019)

AASB 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. Management does not expect the adoption of this standard to have any impact on the accounting policies or amounts recognised in the financial statements, as the registered schemes do not hold any leases.

A number of new standards, amendments to standards and interpretations are effective for the year 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 schemes.

**Notes to the Financial Statements**  
**For the year ended 30 June 2019**

**Note 3 Auditor's Remuneration**

|   | <b>International Fund</b> |                | <b>Unhedged Fund</b> |               | <b>Asia Fund</b> |                | <b>European Fund</b> |               |
|---|---------------------------|----------------|----------------------|---------------|------------------|----------------|----------------------|---------------|
|   | <b>2019</b>               | <b>2018</b>    | <b>2019</b>          | <b>2018</b>   | <b>2019</b>      | <b>2018</b>    | <b>2019</b>          | <b>2018</b>   |
|   | <b>\$</b>                 | <b>\$</b>      | <b>\$</b>            | <b>\$</b>     | <b>\$</b>        | <b>\$</b>      | <b>\$</b>            | <b>\$</b>     |
| Auditing and review of the financial report   | 26,271                    | 25,505         | 26,271               | 25,505        | 26,271           | 25,505         | 26,271               | 25,505        |
| Auditing the Compliance Plan                  | 4,774                     | 4,635          | 4,774                | 4,635         | 4,774            | 4,635          | 4,774                | 4,635         |
| Other audit and assurance services            | 27,662                    | 25,000         | -                    | -             | 27,662           | 25,000         | -                    | -             |
| Taxation and regulatory services – Compliance | 76,737                    | 48,801         | 51,458               | 48,801        | 56,458           | 48,801         | 43,958               | 48,801        |
| Other advisory services – Foreign tax agent   | 12,531                    | 4,981          | 6,788                | 679           | 10,257           | 7,472          | -                    | -             |
|   | <b>147,975</b>            | <b>108,922</b> | <b>89,291</b>        | <b>79,620</b> | <b>125,422</b>   | <b>111,413</b> | <b>75,003</b>        | <b>78,941</b> |

  

|   | <b>Japan Fund</b> |               | <b>International Brands Fund</b> |               | <b>International Health Care Fund</b> |               | <b>International Technology Fund</b> |               |
|---|-------------------|---------------|----------------------------------|---------------|---------------------------------------|---------------|--------------------------------------|---------------|
|   | <b>2019</b>       | <b>2018</b>   | <b>2019</b>                      | <b>2018</b>   | <b>2019</b>                           | <b>2018</b>   | <b>2019</b>                          | <b>2018</b>   |
|   | <b>\$</b>         | <b>\$</b>     | <b>\$</b>                        | <b>\$</b>     | <b>\$</b>                             | <b>\$</b>     | <b>\$</b>                            | <b>\$</b>     |
| Auditing and review of the financial report   | 26,271            | 25,505        | 26,271                           | 25,505        | 26,271                                | 25,505        | 26,271                               | 25,505        |
| Auditing the Compliance Plan                  | 4,774             | 4,635         | 4,774                            | 4,635         | 4,774                                 | 4,635         | 4,774                                | 4,635         |
| Taxation and regulatory services – Compliance | 43,958            | 48,801        | 47,738                           | 48,801        | 43,958                                | 48,801        | 47,737                               | 48,801        |
| Other advisory services – Foreign tax agent   | -                 | -             | 932                              | 679           | -                                     | -             | 5,301                                | 2,943         |
|   | <b>75,003</b>     | <b>78,941</b> | <b>79,715</b>                    | <b>79,620</b> | <b>75,003</b>                         | <b>78,941</b> | <b>84,083</b>                        | <b>81,884</b> |

Notes to the Financial Statements  
For the year ended 30 June 2019

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

|  | International Fund        |                           | Unhedged Fund             |                           | Asia Fund                 |                           | European Fund             |                           |
|--|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|  | As at                     |                           | As at                     |                           | As at                     |                           | As at                     |                           |
|  | 30 June<br>2019<br>\$'000 | 30 June<br>2018<br>\$'000 |
| <b>Financial assets</b>  |                           |                           |                           |                           |                           |                           |                           |                           |
| Derivatives  | 34,502                    | 49,945                    | 156                       | -                         | 706                       | 257                       | 383                       | -                         |
| Forward currency contracts                                       | 16,764                    | 12,122                    | -                         | -                         | 4,914                     | -                         | 2,600                     | 4,769                     |
| Total  | 51,266                    | 62,067                    | 156                       | -                         | 5,620                     | 257                       | 2,983                     | 4,769                     |
| <i>Equity securities at fair value through profit or loss</i>    |                           |                           |                           |                           |                           |                           |                           |                           |
| Equity securities  | 8,882,250                 | 9,990,009                 | 255,390                   | 284,360                   | 3,779,367                 | 4,109,332                 | 834,351                   | 865,329                   |
| Total equity securities at fair value through profit or loss     | 8,882,250                 | 9,990,009                 | 255,390                   | 284,360                   | 3,779,367                 | 4,109,332                 | 834,351                   | 865,329                   |
| Total financial assets at fair value through profit or loss      | 8,933,516                 | 10,052,076                | 255,546                   | 284,360                   | 3,784,987                 | 4,109,589                 | 837,334                   | 870,098                   |
| <b>Financial liabilities</b>                                     |                           |                           |                           |                           |                           |                           |                           |                           |
| Derivatives  | 35,282                    | 8,124                     | -                         | 463                       | 2,494                     | -                         | 4,011                     | 23                        |
| Forward currency contracts                                       | 31,074                    | 14,882                    | -                         | -                         | 21,288                    | -                         | -                         | 6,835                     |
| Total  | 66,356                    | 23,006                    | -                         | 463                       | 23,782                    | -                         | 4,011                     | 6,858                     |
| Total financial liabilities at fair value through profit or loss | 66,356                    | 23,006                    | -                         | 463                       | -                         | -                         | 4,011                     | 6,858                     |
| Total of financial assets less liabilities                       | 8,867,160                 | 10,029,070                | 255,546                   | 283,897                   | 3,761,205                 | 4,109,589                 | 833,323                   | 863,240                   |

Notes to the Financial Statements  
For the year ended 30 June 2019

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 |                        |
|--|------------------------|------------------------|---------------------------|------------------------|--------------------------------|------------------------|-------------------------------|------------------------|
|  | As at                  |                        | As at                     |                        | As at                          |                        | As at                         |                        |
|  | 30 June 2019<br>\$'000 | 30 June 2018<br>\$'000 | 30 June 2019<br>\$'000    | 30 June 2018<br>\$'000 | 30 June 2019<br>\$'000         | 30 June 2018<br>\$'000 | 30 June 2019<br>\$'000        | 30 June 2018<br>\$'000 |
| <b>Financial assets</b>  |                        |                        |                           |                        |                                |                        |                               |                        |
| Derivatives  | 3,000                  | 711                    | 2,160                     | 1,508                  | 147                            | 22                     | 96                            | 56                     |
| Forward currency contracts                                       | 795                    | -                      | 1,133                     | 4,552                  | 142                            | -                      | -                             | -                      |
| Total  | 3,795                  | 711                    | 3,293                     | 6,060                  | 289                            | 22                     | 96                            | 56                     |
| <i>Equity securities at fair value through profit or loss</i>    |                        |                        |                           |                        |                                |                        |                               |                        |
| Equity securities  | 704,686                | 750,930                | 573,224                   | 706,886                | 225,140                        | 191,039                | 87,856                        | 92,711                 |
| Total equity securities at fair value through profit or loss     | 704,686                | 750,930                | 573,224                   | 706,886                | 225,140                        | 191,039                | 87,856                        | 92,711                 |
| Total financial assets at fair value through profit or loss      | 708,481                | 751,641                | 576,517                   | 712,946                | 225,429                        | 191,061                | 87,952                        | 92,767                 |
| <b>Financial liabilities</b>                                     |                        |                        |                           |                        |                                |                        |                               |                        |
| Derivatives  | 2,243                  | -                      | 2,821                     | 4,284                  | 277                            | -                      | 10                            | -                      |
| Forward currency contracts                                       | 3,037                  | -                      | 1,072                     | 3,985                  | 461                            | -                      | -                             | -                      |
| Total  | 5,280                  | -                      | 3,893                     | 8,269                  | 738                            | -                      | 10                            | -                      |
| Total financial liabilities at fair value through profit or loss | 5,280                  | -                      | 3,893                     | 8,269                  | 738                            | -                      | 10                            | -                      |
| Total of financial assets less liabilities                       | 703,201                | 751,641                | 572,624                   | 704,677                | 224,691                        | 191,061                | 87,942                        | 92,767                 |

**Notes to the Financial Statements**  
**For the year ended 30 June 2019**

**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               |                             |
|---|---------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   |         | 2019<br>\$'000              | 2018<br>\$'000              | 2019<br>\$'000              | 2018<br>\$'000              | 2019<br>\$'000              | 2018<br>\$'000              | 2019<br>\$'000              | 2018<br>\$'000              |
| Opening balance   | C Class | 10,140,422                  | 9,426,671                   | 310,034                     | 222,613                     | 3,890,430                   | 3,973,877                   | 955,833                     | 514,634                     |
| Applications during the year                                  | C Class | 1,344,270                   | 1,610,034                   | 45,816                      | 76,459                      | 529,919                     | 599,019                     | 161,236                     | 458,365                     |
| Redemptions during the year                                   | C Class | (1,570,909)                 | (1,389,773)                 | (59,577)                    | (19,162)                    | (406,738)                   | (594,326)                   | (219,381)                   | (62,741)                    |
| Units issued upon reinvestment of distribution                | C Class | 384,603                     | 292,457                     | 12,312                      | 10,880                      | 464,052                     | 126,910                     | 17,845                      | 8,516                       |
| Increase/(decrease) in net assets attributable to unitholders | C Class | (715,160)                   | 201,033                     | (20,038)                    | 19,244                      | (206,526)                   | (215,050)                   | (46,902)                    | 37,059                      |
| Closing balance   | C Class | 9,583,226                   | 10,140,422                  | 288,547                     | 310,034                     | 4,271,137                   | 3,890,430                   | 868,631                     | 955,833                     |
|   |         | <b>Units</b><br><b>'000</b> |
| Opening balance   | C Class | 4,905,169                   | 4,659,026                   | 182,589                     | 143,020                     | 1,498,956                   | 1,449,089                   | 261,481                     | 152,155                     |
| Number of units issued during the year                        | C Class | 665,195                     | 716,255                     | 27,749                      | 43,547                      | 210,876                     | 189,486                     | 44,462                      | 123,266                     |
| Number of units redeemed during the year                      | C Class | (780,930)                   | (614,664)                   | (36,900)                    | (10,968)                    | (162,881)                   | (185,898)                   | (61,223)                    | (16,458)                    |
| Units issued upon reinvestment of distribution                | C Class | 186,050                     | 144,552                     | 7,254                       | 6,990                       | 178,798                     | 46,279                      | 4,882                       | 2,518                       |
| Closing balance   | C Class | 4,975,484                   | 4,905,169                   | 180,692                     | 182,589                     | 1,725,749                   | 1,498,956                   | 249,602                     | 261,481                     |

**Notes to the Financial Statements**  
**For the year ended 30 June 2019**

**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  |                |
|---|---------|--------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|   |         | 2019<br>\$'000     | 2018<br>\$'000 | 2019<br>\$'000 | 2018<br>\$'000 | 2019<br>\$'000 | 2018<br>\$'000 | 2019<br>\$'000 | 2018<br>\$'000 |
| Opening balance   | P Class | 218,621            | -              | 1,552          | -              | 92,422         | -              | 5,347          | -              |
| Applications during the year                                  | P Class | 146,290            | 247,192        | 842            | 1,592          | 75,063         | 114,601        | 1,825          | 5,590          |
| Redemptions during the year                                   | P Class | (12,527)           | (1,745)        | (225)          | -              | (5,793)        | (1,265)        | (2,412)        | (35)           |
| Units issued upon reinvestment of distribution                | P Class | 4,060              | -              | 63             | -              | 8,755          | -              | 218            | -              |
| Increase/(decrease) in net assets attributable to unitholders | P Class | (22,821)           | (26,826)       | (132)          | (40)           | (6,196)        | (20,914)       | (357)          | (208)          |
| Closing balance   | P Class | 333,623            | 218,621        | 2,100          | 1,552          | 164,251        | 92,422         | 4,621          | 5,347          |

  

|  |         | Units    | Units   | Units | Units | Units   | Units   | Units   | Units |
|--|---------|----------|---------|-------|-------|---------|---------|---------|-------|
|  |         | '000     | '000    | '000  | '000  | '000    | '000    | '000    | '000  |
| Opening balance                                | P Class | 220,576  | -       | 1,443 | -     | 99,871  | -       | 5,067   | -     |
| Number of units issued during the year         | P Class | 151,180  | 222,111 | 813   | 1,443 | 84,219  | 100,942 | 1,705   | 5,098 |
| Number of units redeemed during the year       | P Class | (13,194) | (1,535) | (229) | -     | (6,473) | (1,071) | (2,378) | (31)  |
| Units issued upon reinvestment of distribution | P Class | 4,096    | -       | 59    | -     | 9,461   | -       | 206     | -     |
| Closing balance                                | P Class | 362,658  | 220,576 | 2,086 | 1,443 | 187,078 | 99,871  | 4,600   | 5,067 |

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  |                |
|---|--------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|   | 2019<br>\$'000     | 2018<br>\$'000 | 2019<br>\$'000 | 2018<br>\$'000 | 2019<br>\$'000 | 2018<br>\$'000 | 2019<br>\$'000 | 2018<br>\$'000 |
| <b>C Class and P Class (total)</b>                            |                    |                |                |                |                |                |                |                |
| Opening balance   | 10,359,043         | 9,426,671      | 311,586        | 222,613        | 3,982,852      | 3,973,877      | 961,180        | 514,634        |
| Applications during the year                                  | 1,490,560          | 1,857,226      | 46,658         | 78,051         | 604,982        | 713,620        | 163,061        | 463,955        |
| Redemptions during the year                                   | (1,583,436)        | (1,391,518)    | (59,802)       | (19,162)       | (412,531)      | (595,591)      | (221,793)      | (62,776)       |
| Reinvestment of distribution                                  | 388,663            | 292,457        | 12,375         | 10,880         | 472,807        | 126,910        | 18,063         | 8,516          |
| Increase/(decrease) in net assets attributable to unitholders | (737,981)          | 174,207        | (20,170)       | 19,204         | (212,722)      | (235,964)      | (47,259)       | 36,851         |
| Closing balance   | 9,916,849          | 10,359,043     | 290,647        | 311,586        | 4,435,388      | 3,982,852      | 873,252        | 961,180        |

Notes to the Financial Statements  
For the year ended 30 June 2019

Note 5 Net Assets Attributable to Unitholders (continued)

|  |         | Japan Fund            |                       | International Brands Fund |                       | International Health Care Fund |                       | International Technology Fund |                       |
|--|---------|-----------------------|-----------------------|---------------------------|-----------------------|--------------------------------|-----------------------|-------------------------------|-----------------------|
|  |         | 2019<br>\$'000        | 2018<br>\$'000        | 2019<br>\$'000            | 2018<br>\$'000        | 2019<br>\$'000                 | 2018<br>\$'000        | 2019<br>\$'000                | 2018<br>\$'000        |
| Opening balance  | C Class | 783,232               | 607,736               | 723,953                   | 817,276               | 198,332                        | 161,116               | 112,231                       | 86,669                |
| Applications during the year                                   | C Class | 48,874                | 178,079               | 81,064                    | 105,704               | 68,460                         | 32,037                | 9,993                         | 24,902                |
| Redemptions during the year                                    | C Class | (93,889)              | (55,615)              | (131,519)                 | (181,863)             | (21,201)                       | (28,042)              | (17,717)                      | (11,235)              |
| Units issued upon reinvestment of distribution                 | C Class | 22,882                | 23,213                | 58,609                    | 27,447                | 8,501                          | 15,468                | 1,198                         | 2,619                 |
| Increase /(decrease) in net assets attributable to unitholders | C Class | (56,807)              | 29,819                | (84,769)                  | (44,611)              | (16,511)                       | 17,753                | 689                           | 9,276                 |
| Closing balance  | C Class | 704,292               | 783,232               | 647,338                   | 723,953               | 237,581                        | 198,332               | 106,394                       | 112,231               |
|  |         | <b>Units<br/>'000</b> | <b>Units<br/>'000</b> | <b>Units<br/>'000</b>     | <b>Units<br/>'000</b> | <b>Units<br/>'000</b>          | <b>Units<br/>'000</b> | <b>Units<br/>'000</b>         | <b>Units<br/>'000</b> |
| Opening balance  | C Class | 176,137               | 144,405               | 315,349                   | 332,996               | 93,461                         | 83,398                | 66,947                        | 57,062                |
| Number of units issued during the year                         | C Class | 11,110                | 38,146                | 36,357                    | 39,287                | 31,084                         | 15,878                | 5,907                         | 15,055                |
| Number of units redeemed during the year                       | C Class | (21,575)              | (11,929)              | (60,385)                  | (68,121)              | (9,763)                        | (13,821)              | (10,561)                      | (6,894)               |
| Units issued upon reinvestment of distribution                 | C Class | 5,145                 | 5,515                 | 25,542                    | 11,187                | 4,006                          | 8,006                 | 714                           | 1,724                 |
| Closing balance  | C Class | 170,817               | 176,137               | 316,863                   | 315,349               | 118,788                        | 93,461                | 63,007                        | 66,947                |

Notes to the Financial Statements  
For the year ended 30 June 2019

Note 5 Net Assets Attributable to Unitholders (continued)

|   |         | Japan Fund            |                       | International Brands Fund |                       | International Health Care Fund |                       | International Technology Fund |                       |
|---|---------|-----------------------|-----------------------|---------------------------|-----------------------|--------------------------------|-----------------------|-------------------------------|-----------------------|
|   |         | 2019<br>\$'000        | 2018<br>\$'000        | 2019<br>\$'000            | 2018<br>\$'000        | 2019<br>\$'000                 | 2018<br>\$'000        | 2019<br>\$'000                | 2018<br>\$'000        |
| Opening balance   | P Class | 3,534                 | -                     | 556                       | -                     | 1,744                          | -                     | 1,218                         | -                     |
| Applications during the year                                  | P Class | 2,706                 | 4,069                 | 1,880                     | 692                   | 2,261                          | 1,671                 | 345                           | 1,152                 |
| Redemptions during the year                                   | P Class | (832)                 | (299)                 | (274)                     | (52)                  | (28)                           | -                     | (78)                          | -                     |
| Units issued upon reinvestment of distribution                | P Class | 132                   | -                     | 113                       | -                     | 42                             | -                     | 29                            | -                     |
| Increase/(decrease) in net assets attributable to unitholders | P Class | (489)                 | (236)                 | (251)                     | (84)                  | (333)                          | 73                    | 2                             | 66                    |
| Closing balance   | P Class | 5,051                 | 3,534                 | 2,024                     | 556                   | 3,686                          | 1,744                 | 1,516                         | 1,218                 |
|   |         | <b>Units<br/>'000</b> | <b>Units<br/>'000</b> | <b>Units<br/>'000</b>     | <b>Units<br/>'000</b> | <b>Units<br/>'000</b>          | <b>Units<br/>'000</b> | <b>Units<br/>'000</b>         | <b>Units<br/>'000</b> |
| Opening balance   | P Class | 3,380                 | -                     | 604                       | -                     | 1,606                          | -                     | 1,110                         | -                     |
| Number of units issued during the year                        | P Class | 2,538                 | 3,640                 | 2,105                     | 640                   | 2,003                          | 1,606                 | 311                           | 1,110                 |
| Number of units redeemed during the year                      | P Class | (809)                 | (260)                 | (329)                     | (36)                  | (24)                           | -                     | (72)                          | -                     |
| Units issued upon reinvestment of distribution                | P Class | 127                   | -                     | 122                       | -                     | 39                             | -                     | 26                            | -                     |
| Closing balance   | P Class | 5,236                 | 3,380                 | 2,502                     | 604                   | 3,624                          | 1,606                 | 1,375                         | 1,110                 |

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 |                |
|---|----------------|----------------|---------------------------|----------------|--------------------------------|----------------|-------------------------------|----------------|
|   | 2019<br>\$'000 | 2018<br>\$'000 | 2019<br>\$'000            | 2018<br>\$'000 | 2019<br>\$'000                 | 2018<br>\$'000 | 2019<br>\$'000                | 2018<br>\$'000 |
| <b>C Class and P Class (total)</b>                            |                |                |                           |                |                                |                |                               |                |
| Opening balance   | 786,766        | 607,736        | 724,509                   | 817,276        | 200,076                        | 161,116        | 113,449                       | 86,669         |
| Applications during the year                                  | 51,580         | 182,148        | 82,944                    | 106,396        | 70,721                         | 33,708         | 10,338                        | 26,054         |
| Redemptions during the year                                   | (94,721)       | (55,914)       | (131,793)                 | (181,915)      | (21,229)                       | (28,042)       | (17,795)                      | (11,235)       |
| Reinvestment of distribution                                  | 23,014         | 23,213         | 58,722                    | 27,447         | 8,543                          | 15,468         | 1,227                         | 2,619          |
| Increase/(decrease) in net assets attributable to unitholders | (57,296)       | 29,583         | (85,020)                  | (44,695)       | (16,844)                       | 17,826         | 691                           | 9,342          |
| Closing balance   | 709,343        | 786,766        | 649,362                   | 724,509        | 241,267                        | 200,076        | 107,910                       | 113,449        |

**Note 6 Distributions Paid and Payable**

|  |         | <b>International Fund</b> |                  | <b>Unhedged Fund</b>             |                | <b>Asia Fund</b>                      |                | <b>European Fund</b>                 |               |
|--|---------|---------------------------|------------------|----------------------------------|----------------|---------------------------------------|----------------|--------------------------------------|---------------|
|  |         | <b>2019</b>               | <b>2018</b>      | <b>2019</b>                      | <b>2018</b>    | <b>2019</b>                           | <b>2018</b>    | <b>2019</b>                          | <b>2018</b>   |
| The distributions were paid/payable (\$'000) as follows:         |         |                           |                  |                                  |                |                                       |                |                                      |               |
| 30 June payable  | C Class | 782,729                   | 1,196,744        | 15,278                           | 27,078         | 226,740                               | 900,311        | 57,914                               | 71,892        |
| 30 June payable  | P Class | 29,533                    | 29,057           | 125                              | 139            | 10,038                                | 22,437         | 321                                  | 424           |
|  |         | <b>812,262</b>            | <b>1,225,801</b> | <b>15,403</b>                    | <b>27,217</b>  | <b>236,778</b>                        | <b>922,748</b> | <b>58,235</b>                        | <b>72,316</b> |
| The distributions were paid/payable (cents per unit) as follows: |         |                           |                  |                                  |                |                                       |                |                                      |               |
| 30 June payable  | C Class | 15.73                     | 24.40            | 8.46                             | 14.83          | 13.14                                 | 60.06          | 23.20                                | 27.49         |
| 30 June payable  | P Class | 8.14                      | 13.17            | 5.97                             | 9.62           | 5.37                                  | 22.47          | 6.99                                 | 8.37          |
|  |         |                           |                  |                                  |                |                                       |                |                                      |               |
|  |         | <b>Japan Fund</b>         |                  | <b>International Brands Fund</b> |                | <b>International Health Care Fund</b> |                | <b>International Technology Fund</b> |               |
|  |         | <b>2019</b>               | <b>2018</b>      | <b>2019</b>                      | <b>2018</b>    | <b>2019</b>                           | <b>2018</b>    | <b>2019</b>                          | <b>2018</b>   |
| The distributions were paid/payable (\$'000) as follows:         |         |                           |                  |                                  |                |                                       |                |                                      |               |
| 30 June payable  | C Class | 78,364                    | 42,147           | 65,341                           | 189,207        | 26,321                                | 15,110         | 4,150                                | 2,256         |
| 30 June payable  | P Class | 603                       | 216              | 237                              | 154            | 441                                   | 127            | 68                                   | 36            |
|  |         | <b>78,967</b>             | <b>42,363</b>    | <b>65,578</b>                    | <b>189,361</b> | <b>26,762</b>                         | <b>15,237</b>  | <b>4,218</b>                         | <b>2,292</b>  |
| The distributions were paid/payable (cents per unit) as follows: |         |                           |                  |                                  |                |                                       |                |                                      |               |
| 30 June payable  | C Class | 45.88                     | 23.93            | 20.62                            | 60.00          | 22.16                                 | 16.17          | 6.59                                 | 3.37          |
| 30 June payable  | P Class | 11.52                     | 6.40             | 9.47                             | 25.46          | 12.18                                 | 7.92           | 4.94                                 | 3.20          |

**Notes to the Financial Statements  
For the year ended 30 June 2019**

**Note 7 Receivables**

|                                      | International Fund |                | Unhedged Fund  |                | Asia Fund      |                | European Fund  |                |
|--------------------------------------|--------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                                      | 2019<br>\$'000     | 2018<br>\$'000 | 2019<br>\$'000 | 2018<br>\$'000 | 2019<br>\$'000 | 2018<br>\$'000 | 2019<br>\$'000 | 2018<br>\$'000 |
| Proceeds on sale of financial assets | 26,814             | 50,441         | -              | 2,677          | 11,959         | 2,192          | 8,415          | 33,392         |
| Interest receivable                  | 181                | 378            | 9              | 13             | 582            | 57             | 9              | 112            |
| Swap/Pnotes income receivable        | 3,946              | 439            | 784            | 466            | 121            | -              | 8              | -              |
| GST receivable                       | 1,229              | 1,362          | 35             | 38             | 535            | 579            | 106            | 118            |
| Dividends receivable                 | 13,047             | 22,321         | 414            | 790            | 10,045         | 17,150         | 2,156          | 2,083          |
| Dividend tax refund receivable       | 8,798              | 3,958          | 121            | 119            | -              | -              | 2,113          | 1,078          |
| Indian capital gains tax receivable  | 959                | 937            | -              | -              | 4,548          | 4,364          | -              | -              |
|                                      | <b>54,974</b>      | <b>79,836</b>  | <b>1,363</b>   | <b>4,103</b>   | <b>27,790</b>  | <b>24,342</b>  | <b>12,807</b>  | <b>36,783</b>  |

|                                      | Japan Fund     |                | International Brands Fund |                | International Health Care Fund |                | International Technology Fund |                |
|--------------------------------------|----------------|----------------|---------------------------|----------------|--------------------------------|----------------|-------------------------------|----------------|
|                                      | 2019<br>\$'000 | 2018<br>\$'000 | 2019<br>\$'000            | 2018<br>\$'000 | 2019<br>\$'000                 | 2018<br>\$'000 | 2019<br>\$'000                | 2018<br>\$'000 |
| Proceeds on sale of financial assets | -              | -              | 8,340                     | 174            | 211                            | 1,106          | -                             | -              |
| Interest receivable                  | 25             | 25             | 32                        | 27             | 10                             | 4              | 5                             | 12             |
| Swap/Pnotes income receivable        | -              | -              | 1,746                     | 356            | 10                             | -              | 6                             | -              |
| GST receivable                       | 89             | 99             | 87                        | 107            | 30                             | 23             | 13                            | 13             |
| Dividends receivable                 | 1,321          | 961            | 1,956                     | 2,117          | 13                             | 10             | 126                           | 180            |
| Dividend tax refund receivable       | -              | -              | 225                       | 149            | 300                            | 246            | 3                             | 2              |
| Indian capital gains tax receivable  | -              | -              | 1,040                     | 1,017          | -                              | -              | -                             | -              |
|                                      | <b>1,435</b>   | <b>1,085</b>   | <b>13,426</b>             | <b>3,947</b>   | <b>574</b>                     | <b>1,389</b>   | <b>153</b>                    | <b>207</b>     |

**Notes to the Financial Statements**  
**For the year ended 30 June 2019**

**Note 8 Payables**

|   | <b>International Fund</b> |               | <b>Unhedged Fund</b> |               | <b>Asia Fund</b> |               | <b>European Fund</b> |               |
|---|---------------------------|---------------|----------------------|---------------|------------------|---------------|----------------------|---------------|
|   | <b>2019</b>               | <b>2018</b>   | <b>2019</b>          | <b>2018</b>   | <b>2019</b>      | <b>2018</b>   | <b>2019</b>          | <b>2018</b>   |
|   | <b>\$'000</b>             | <b>\$'000</b> | <b>\$'000</b>        | <b>\$'000</b> | <b>\$'000</b>    | <b>\$'000</b> | <b>\$'000</b>        | <b>\$'000</b> |
| Payables for purchase of financial assets/liabilities | 67,237                    | 8,301         | 486                  | 979           | 39,727           | 365           | 16,316               | 3,068         |
| Interest payable                                      | 272                       | 86            | 7                    | -             | -                | -             | 32                   | 1             |
| Swap income payable                                   | -                         | -             | -                    | -             | -                | 3             | -                    | 5             |
| Management fees payable                               | 10,728                    | 12,508        | 288                  | 339           | 4,640            | 5,306         | 932                  | 1,087         |
| Performance fees payable                              | -                         | -             | -                    | -             | -                | 1             | -                    | 2             |
| Payable for foreign Capital Gains Tax                 | -                         | -             | 79                   | 79            | -                | -             | -                    | -             |
|   | <b>78,237</b>             | <b>20,895</b> | <b>860</b>           | <b>1,397</b>  | <b>44,367</b>    | <b>5,675</b>  | <b>17,280</b>        | <b>4,163</b>  |

|   | <b>Japan Fund</b> |               | <b>International Brands Fund</b> |               | <b>International Health Care Fund</b> |               | <b>International Technology Fund</b> |               |
|---|-------------------|---------------|----------------------------------|---------------|---------------------------------------|---------------|--------------------------------------|---------------|
|   | <b>2019</b>       | <b>2018</b>   | <b>2019</b>                      | <b>2018</b>   | <b>2019</b>                           | <b>2018</b>   | <b>2019</b>                          | <b>2018</b>   |
|   | <b>\$'000</b>     | <b>\$'000</b> | <b>\$'000</b>                    | <b>\$'000</b> | <b>\$'000</b>                         | <b>\$'000</b> | <b>\$'000</b>                        | <b>\$'000</b> |
| Payables for purchase of financial assets/liabilities | 2,056             | 1             | 52                               | -             | 6,769                                 | 468           | -                                    | -             |
| Interest payable                                      | 10                | 4             | 4                                | 10            | 3                                     | 6             | 1                                    | 2             |
| Swap income payable                                   | 491               | 30            | -                                | -             | -                                     | -             | -                                    | -             |
| Management fees payable                               | 755               | 841           | 730                              | 998           | 261                                   | 215           | 107                                  | 117           |
| Performance fees payable                              | -                 | -             | -                                | -             | -                                     | 15            | -                                    | -             |
| Payable for foreign Capital Gains Tax                 | -                 | -             | 117                              | 117           | -                                     | -             | 23                                   | 23            |
|   | <b>3,312</b>      | <b>876</b>    | <b>903</b>                       | <b>1,125</b>  | <b>7,033</b>                          | <b>704</b>    | <b>131</b>                           | <b>142</b>    |

**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 product disclosure statement during the year and as at 30 June 2019.

Note 9 Financial Risk Management (continued)

(b) Investments at Fair Value and Derivatives Exposure

|   | 2019               |   |  |                           | 2018               |   |  |                           |
|---|--------------------|---|--|---------------------------|--------------------|---|--|---------------------------|
|   | Physical<br>\$'000 | Long<br>Derivative<br>Contracts<br>\$'000 | Short<br>Derivative<br>Contracts<br>\$'000 | Net<br>Exposure<br>\$'000 | Physical<br>\$'000 | Long<br>Derivative<br>Contracts<br>\$'000 | Short<br>Derivative<br>Contracts<br>\$'000 | Net<br>Exposure<br>\$'000 |
| <b>International Fund</b>                                 |                    |   |  |                           |                    |   |  |                           |
| Japan   | 923,153            | -   | (350,576)                                  | 572,577                   | 1,401,653          | -   | -  | 1,401,653                 |
| Other Asia  | 3,709,164          | 71,363                                    | (98,927)                                   | 3,681,600                 | 3,981,488          | 57,362                                    | -  | 4,038,850                 |
| Australia   | 8,712              | -   | (27,232)                                   | (18,520)                  | 46,268             | -   | -  | 46,268                    |
| Europe – Euro   | 752,570            | 70,062                                    | (334,578)                                  | 488,054                   | 941,075            | -   | -  | 941,075                   |
| Europe – Other  | 890,485            | -   | (61,210)                                   | 829,275                   | 1,467,632          | -   | -  | 1,467,632                 |
| North America   | 2,553,060          | -   | (1,432,975)                                | 1,120,085                 | 2,112,775          | -   | (1,676,128)                                | 436,647                   |
| South America   | 45,106             | -   | (15,695)                                   | 29,411                    | 39,118             | -   | -  | 39,118                    |
|   | <b>8,882,250</b>   | <b>141,425</b>                            | <b>(2,321,193)</b>                         | <b>6,702,482</b>          | <b>9,990,009</b>   | <b>57,362</b>                             | <b>(1,676,128)</b>                         | <b>8,371,243</b>          |
| Derivative Notional Cost Amounts (\$'000)<br>30 June 2019 | (2,212,412)        |   |  |                           |                    |   |  |                           |
| Derivative Notional Cost Amounts (\$'000)<br>30 June 2018 | (1,651,170)        |   |  |                           |                    |   |  |                           |
| <b>Unhedged Fund</b>                                      |                    |   |  |                           |                    |   |  |                           |
| Japan   | 10,758             | -   | -  | 10,758                    | 19,657             | -   | -  | 19,657                    |
| Other Asia  | 100,848            | 2,212                                     | -  | 103,060                   | 118,082            | 6,080                                     | -  | 124,162                   |
| Europe – Euro   | 35,751             | -   | -  | 35,751                    | 33,997             | -   | -  | 33,997                    |
| Europe – Other  | 17,183             | -   | -  | 17,183                    | 25,938             | -   | -  | 25,938                    |
| North America   | 90,850             | -   | -  | 90,850                    | 85,171             | -   | -  | 85,171                    |
| South America   | -                  | -   | -  | -                         | 1,515              | -   | -  | 1,515                     |
|   | <b>255,390</b>     | <b>2,212</b>                              | <b>-</b>                                   | <b>257,602</b>            | <b>284,360</b>     | <b>6,080</b>                              | <b>-</b>                                   | <b>290,440</b>            |
| Derivative Notional Cost Amounts (\$'000)<br>30 June 2019 | 2,108              |   |  |                           |                    |   |  |                           |
| Derivative Notional Cost Amounts (\$'000)<br>30 June 2018 | 6,564              |   |  |                           |                    |   |  |                           |

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 2019

Note 9 Financial Risk Management (continued)

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

|   | 2019               |   |  |                           | 2018               |   |  |                           |
|---|--------------------|---|--|---------------------------|--------------------|---|--|---------------------------|
|   | Physical<br>\$'000 | Long<br>Derivative<br>Contracts<br>\$'000 | Short<br>Derivative<br>Contracts<br>\$'000 | Net<br>Exposure<br>\$'000 | Physical<br>\$'000 | Long<br>Derivative<br>Contracts<br>\$'000 | Short<br>Derivative<br>Contracts<br>\$'000 | Net<br>Exposure<br>\$'000 |
| <b>Asia Fund</b>  |                    |   |  |                           |                    |   |  |                           |
| Asia (excluding Japan)                                    | 3,779,367          | 1,600                                     | (257,342)                                  | 3,523,625                 | 4,109,332          | 2,680                                     | (155,077)                                  | 3,956,935                 |
|   | <u>3,779,367</u>   | <u>1,600</u>                              | <u>(257,342)</u>                           | <u>3,523,625</u>          | <u>4,109,332</u>   | <u>2,680</u>                              | <u>(155,077)</u>                           | <u>3,956,935</u>          |
| Derivative Notional Cost Amounts (\$'000)<br>30 June 2019 | (254,351)          |   |  |                           |                    |   |  |                           |
| Derivative Notional Cost Amounts (\$'000)<br>30 June 2018 | (153,766)          |   |  |                           |                    |   |  |                           |
| <b>European Fund</b>                                      |                    |   |  |                           |                    |   |  |                           |
| Europe – Euro   | 366,012            | 11,394                                    | (142,635)                                  | 234,771                   | 437,432            | -   | -  | 437,432                   |
| Europe – Other  | 403,193            | -   | (39,267)                                   | 363,926                   | 403,498            | -   | (6,216)                                    | 397,282                   |
| North America   | 65,146             | -   | -  | 65,146                    | 24,399             | -   | -  | 24,399                    |
|   | <u>834,351</u>     | <u>11,394</u>                             | <u>(181,902)</u>                           | <u>663,843</u>            | <u>865,329</u>     | <u>-</u>                                  | <u>(6,216)</u>                             | <u>859,113</u>            |
| Derivative Notional Cost Amounts (\$'000)<br>30 June 2019 | (167,949)          |   |  |                           |                    |   |  |                           |
| Derivative Notional Cost Amounts (\$'000)<br>30 June 2018 | (6,276)            |   |  |                           |                    |   |  |                           |
| <b>Japan Fund</b>   |                    |   |  |                           |                    |   |  |                           |
| Japan   | 664,102            | -   | (192,760)                                  | 471,342                   | 750,930            | -   | (16,472)                                   | 734,458                   |
| South Korea   | 40,584             | -   | (13,931)                                   | 26,653                    | -                  | -   | -  | -                         |
|   | <u>704,686</u>     | <u>-</u>                                  | <u>(206,691)</u>                           | <u>497,995</u>            | <u>750,930</u>     | <u>-</u>                                  | <u>(16,472)</u>                            | <u>734,458</u>            |
| Derivative Notional Cost Amounts (\$'000)<br>30 June 2019 | (210,709)          |   |  |                           |                    |   |  |                           |
| Derivative Notional Cost Amounts (\$'000)<br>30 June 2018 | (17,161)           |   |  |                           |                    |   |  |                           |

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 2019

Note 9 Financial Risk Management (continued)

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

|   | 2019               |   |  |                           | 2018               |   |  |                           |
|---|--------------------|---|--|---------------------------|--------------------|---|--|---------------------------|
|   | Physical<br>\$'000 | Long<br>Derivative<br>Contracts<br>\$'000 | Short<br>Derivative<br>Contracts<br>\$'000 | Net<br>Exposure<br>\$'000 | Physical<br>\$'000 | Long<br>Derivative<br>Contracts<br>\$'000 | Short<br>Derivative<br>Contracts<br>\$'000 | Net<br>Exposure<br>\$'000 |
| <b>International Brands Fund</b>                          |                    |   |  |                           |                    |   |  |                           |
| Japan   | 57,682             | -   | -  | 57,682                    | 92,071             | -   | -  | 92,071                    |
| Other Asia  | 237,540            | 4,165                                     | (25,978)                                   | 215,727                   | 279,887            | 20,113                                    | -  | 300,000                   |
| Europe – Euro   | 30,389             | -   | -  | 30,389                    | 56,765             | -   | -  | 56,765                    |
| Europe – Other  | 83,224             | 10,469                                    | (20,522)                                   | 73,171                    | 95,250             | -   | (13,321)                                   | 81,929                    |
| North America   | 163,392            | -   | (100,554)                                  | 62,838                    | 160,980            | -   | (118,982)                                  | 41,998                    |
| South America   | -                  | -   | (10,681)                                   | (10,681)                  | 16,310             | -   | -  | 16,310                    |
| Africa  | 997                | -   | -  | 997                       | 5,623              | -   | -  | 5,623                     |
|   | 573,224            | 14,634                                    | (157,735)                                  | 430,123                   | 706,886            | 20,113                                    | (132,303)                                  | 594,696                   |
| Derivative Notional Cost Amounts (\$'000)<br>30 June 2019 | (140,397)          |   |  |                           |                    |   |  |                           |
| Derivative Notional Cost Amounts (\$'000)<br>30 June 2018 | (109,653)          |   |  |                           |                    |   |  |                           |
| <b>International Health Care Fund</b>                     |                    |   |  |                           |                    |   |  |                           |
| Japan   | 12,275             | -   | -  | 12,275                    | 8,672              | -   | -  | 8,672                     |
| Other Asia  | 12,471             | -   | (2,260)                                    | 10,211                    | 4,011              | -   | -  | 4,011                     |
| Australia   | 29,645             | -   | (728)                                      | 28,917                    | 21,516             | -   | -  | 21,516                    |
| Europe – Euro   | 41,463             | -   | -  | 41,463                    | 35,459             | -   | -  | 35,459                    |
| Europe – Other  | 29,816             | -   | -  | 29,816                    | 37,995             | -   | -  | 37,995                    |
| North America   | 99,470             | -   | (12,058)                                   | 87,412                    | 83,386             | -   | (1,042)                                    | 82,344                    |
|   | 225,140            | -   | (15,046)                                   | 210,094                   | 191,039            | -   | (1,042)                                    | 189,997                   |
| Derivative Notional Cost Amounts (\$'000)<br>30 June 2019 | (21,239)           |   |  |                           |                    |   |  |                           |
| Derivative Notional Cost Amounts (\$'000)<br>30 June 2018 | (1,057)            |   |  |                           |                    |   |  |                           |

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)

|   | 2019               |   |  |                           | 2018               |   |  |                           |
|---|--------------------|---|--|---------------------------|--------------------|---|--|---------------------------|
|   | Physical<br>\$'000 | Long<br>Derivative<br>Contracts<br>\$'000 | Short<br>Derivative<br>Contracts<br>\$'000 | Net<br>Exposure<br>\$'000 | Physical<br>\$'000 | Long<br>Derivative<br>Contracts<br>\$'000 | Short<br>Derivative<br>Contracts<br>\$'000 | Net<br>Exposure<br>\$'000 |
| <b>International Technology Fund</b>                      |                    |   |  |                           |                    |   |  |                           |
| Japan   | 1,671              | -   | -  | 1,671                     | 6,047              | -   | -  | 6,047                     |
| Other Asia  | 20,614             | 659                                       | -  | 21,273                    | 26,196             | -   | -  | 26,196                    |
| Europe – Euro   | 4,163              | -   | -  | 4,163                     | 3,814              | -   | -  | 3,814                     |
| Europe – Other  | 7,399              | -   | (561)                                      | 6,838                     | 7,635              | -   | -  | 7,635                     |
| North America   | 54,009             | -   | (2,095)                                    | 51,914                    | 49,019             | -   | (1,066)                                    | 47,953                    |
|   | <b>87,856</b>      | <b>659</b>                                | <b>(2,656)</b>                             | <b>85,859</b>             | <b>92,711</b>      | <b>-</b>                                  | <b>(1,066)</b>                             | <b>91,645</b>             |
| Derivative Notional Cost Amounts (\$'000)<br>30 June 2019 | (1,929)            |   |  |                           |                    |   |  |                           |
| Derivative Notional Cost Amounts (\$'000)<br>30 June 2018 | (1,122)            |   |  |                           |                    |   |  |                           |

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 share index future. 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.

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

**(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 2019, Platinum International Fund has a US Dollar exposure of 42% (2018:26%), 18% (2018: 22%) in European currencies including Norwegian Krone and Swiss Francs, 12% (2018: 13%) in Hong Kong Dollars, 15% (2018:11%) in Japanese Yen and 5% (2018:20%) in other Asian currencies.

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.

**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 79 days. The tables below summarise the registered schemes’ exposures to foreign exchange risk:

|                           | 2019               |                  |                    |                           | 2018               |                  |                  |                           |
|---------------------------|--------------------|------------------|--------------------|---------------------------|--------------------|------------------|------------------|---------------------------|
|                           | Physical<br>\$'000 | Bought<br>\$'000 | Sold<br>\$'000     | Net<br>Exposure<br>\$'000 | Physical<br>\$'000 | Bought<br>\$'000 | Sold<br>\$'000   | Net<br>Exposure<br>\$'000 |
| <b>International Fund</b> |                    |                  |                    |                           |                    |                  |                  |                           |
| Japan                     | 1,229,495          | 532,939          | -                  | 1,762,434                 | 1,559,194          | -                | (286,060)        | 1,273,134                 |
| Hong Kong                 | 1,452,636          | -                | -                  | 1,452,636                 | 1,544,710          | -                | -                | 1,544,710                 |
| Other Asia                | 2,020,173          | -                | (1,614,912)        | 405,261                   | 1,909,791          | 121,602          | -                | 2,031,393                 |
| Australia                 | 182,034            | -                | -                  | 182,034                   | 592,730            | -                | (57,254)         | 535,476                   |
| Europe – Euro             | 1,142,929          | -                | -                  | 1,142,929                 | 1,252,635          | 156,521          | -                | 1,409,156                 |
| Europe – Other            | 702,132            | 91,308           | -                  | 793,440                   | 1,053,514          | 147,833          | (60,131)         | 1,141,216                 |
| North America             | 3,987,390          | 1,614,912        | (624,247)          | 4,978,055                 | 3,574,211          | 403,320          | (425,831)        | 3,551,700                 |
| South America             | 35,585             | -                | -                  | 35,585                    | 39,118             | -                | -                | 39,118                    |
|                           | <b>10,752,374</b>  | <b>2,239,159</b> | <b>(2,239,159)</b> | <b>10,752,374</b>         | <b>11,525,903</b>  | <b>829,276</b>   | <b>(829,276)</b> | <b>11,525,903</b>         |
| <b>Unhedged Fund</b>      |                    |                  |                    |                           |                    |                  |                  |                           |
| Japan                     | 36,769             | -                | -                  | 36,769                    | 23,926             | -                | -                | 23,926                    |
| Other Asia                | 72,018             | -                | -                  | 72,018                    | 79,298             | -                | -                | 79,298                    |
| Australia                 | 777                | -                | -                  | 777                       | 16,366             | -                | -                | 16,366                    |
| Europe – Euro             | 43,008             | -                | -                  | 43,008                    | 42,120             | -                | -                | 42,120                    |
| Europe – Other            | 10,595             | -                | -                  | 10,595                    | 28,055             | -                | -                | 28,055                    |
| North America             | 142,379            | -                | -                  | 142,379                   | 144,817            | -                | -                | 144,817                   |
| South America             | -                  | -                | -                  | -                         | 1,515              | -                | -                | 1,515                     |
|                           | <b>305,546</b>     | <b>-</b>         | <b>-</b>           | <b>305,546</b>            | <b>336,097</b>     | <b>-</b>         | <b>-</b>         | <b>336,097</b>            |

Notes to the Financial Statements  
For the year ended 30 June 2019

Note 9 Financial Risk Management (continued)

(d) Market Risk (continued)

(i) Foreign Exchange Risk (continued)

|                      | 2019               |                  |                    |                           | 2018               |                  |                  |                           |
|----------------------|--------------------|------------------|--------------------|---------------------------|--------------------|------------------|------------------|---------------------------|
|                      | Physical<br>\$'000 | Bought<br>\$'000 | Sold<br>\$'000     | Net<br>Exposure<br>\$'000 | Physical<br>\$'000 | Bought<br>\$'000 | Sold<br>\$'000   | Net<br>Exposure<br>\$'000 |
| <b>Asia Fund</b>     |                    |                  |                    |                           |                    |                  |                  |                           |
| Hong Kong            | 1,489,527          | -                | -                  | 1,489,527                 | 1,714,395          | -                | -                | 1,714,395                 |
| India                | 593,479            | -                | -                  | 593,479                   | 619,919            | -                | -                | 619,919                   |
| South Korea          | 412,389            | -                | -                  | 412,389                   | 523,274            | -                | -                | 523,274                   |
| Other Asia           | 1,337,807          | -                | (1,288,624)        | 49,183                    | 1,101,173          | -                | -                | 1,101,173                 |
| Australia            | 634                | -                | -                  | 634                       | 133,129            | -                | -                | 133,129                   |
| Europe – Other       | 121,085            | -                | -                  | 121,085                   | 35,469             | -                | -                | 35,469                    |
| North America        | 733,822            | 1,288,624        | -                  | 2,022,446                 | 759,574            | -                | -                | 759,574                   |
|                      | <u>4,688,743</u>   | <u>1,288,624</u> | <u>(1,288,624)</u> | <u>4,688,743</u>          | <u>4,886,933</u>   | <u>-</u>         | <u>-</u>         | <u>4,886,933</u>          |
| <b>European Fund</b> |                    |                  |                    |                           |                    |                  |                  |                           |
| Australia            | 919                | -                | -                  | 919                       | 15,166             | -                | -                | 15,166                    |
| Europe – Euro        | 457,309            | -                | (92,877)           | 364,432                   | 477,821            | 13,747           | (128,307)        | 363,261                   |
| Europe – Other       | 339,661            | 181,096          | -                  | 520,757                   | 341,348            | 213,101          | (3,687)          | 550,762                   |
| North America        | 138,071            | -                | (88,219)           | 49,852                    | 166,541            | 27,148           | (122,002)        | 71,687                    |
|                      | <u>935,960</u>     | <u>181,096</u>   | <u>(181,096)</u>   | <u>935,960</u>            | <u>1,000,876</u>   | <u>253,996</u>   | <u>(253,996)</u> | <u>1,000,876</u>          |
| <b>Japan Fund</b>    |                    |                  |                    |                           |                    |                  |                  |                           |
| Japan                | 709,654            | 76,894           | -                  | 786,548                   | 777,523            | -                | -                | 777,523                   |
| Korea                | 40,584             | -                | -                  | 40,584                    | -                  | -                | -                | -                         |
| Australia            | 2,842              | -                | (158,768)          | (155,926)                 | 14,361             | -                | -                | 14,361                    |
| North America        | 37,107             | 158,768          | (76,894)           | 118,981                   | 37,036             | -                | -                | 37,036                    |
|                      | <u>790,187</u>     | <u>235,662</u>   | <u>(235,662)</u>   | <u>790,187</u>            | <u>828,920</u>     | <u>-</u>         | <u>-</u>         | <u>828,920</u>            |

Notes to the Financial Statements  
For the year ended 30 June 2019

Note 9 Financial Risk Management (continued)

(c) Market Risk (continued)

(i) Foreign Exchange Risk (continued)

|                                       | 2019               |                  |                  |                           | 2018               |                  |                  |                           |
|---------------------------------------|--------------------|------------------|------------------|---------------------------|--------------------|------------------|------------------|---------------------------|
|                                       | Physical<br>\$'000 | Bought<br>\$'000 | Sold<br>\$'000   | Net<br>Exposure<br>\$'000 | Physical<br>\$'000 | Bought<br>\$'000 | Sold<br>\$'000   | Net<br>Exposure<br>\$'000 |
| <b>International Brands Fund</b>      |                    |                  |                  |                           |                    |                  |                  |                           |
| Japan                                 | 55,875             | 43,479           | (68,256)         | 31,098                    | 100,441            | -                | (96,884)         | 3,557                     |
| Hong Kong                             | 139,907            | -                | (53,918)         | 85,989                    | 140,931            | -                | (49,121)         | 91,810                    |
| Other Asia                            | 26,885             | -                | (41,925)         | 15,040                    | 35,575             | -                | -                | 35,575                    |
| Australia                             | (452)              | -                | -                | (452)                     | 28,105             | -                | -                | 28,105                    |
| Europe – Euro                         | 43,524             | 122,173          | -                | 165,697                   | 82,126             | 146,005          | -                | 228,131                   |
| Europe – Other                        | 44,583             | -                | -                | 44,583                    | 31,976             | -                | -                | 31,976                    |
| North America                         | 391,036            | 41,926           | (43,479)         | 389,483                   | 470,531            | -                | -                | 470,531                   |
| South America                         | -                  | -                | -                | -                         | 16,310             | -                | -                | 16,310                    |
| Africa                                | 1,059              | -                | -                | 1,059                     | 5,053              | -                | -                | 5,053                     |
|                                       | <u>702,417</u>     | <u>207,578</u>   | <u>(207,578)</u> | <u>702,417</u>            | <u>911,048</u>     | <u>146,005</u>   | <u>(146,005)</u> | <u>911,048</u>            |
| <b>International Health Care Fund</b> |                    |                  |                  |                           |                    |                  |                  |                           |
| Japan                                 | 18,287             | 27,248           | -                | 45,535                    | 8,770              | -                | -                | 8,770                     |
| Other Asia                            | 4,893              | -                | -                | 4,893                     | -                  | -                | -                | -                         |
| Australia                             | 40,298             | -                | (34,888)         | 5,410                     | 25,787             | -                | -                | 25,787                    |
| Europe – Euro                         | 45,686             | -                | (12,659)         | 33,027                    | 44,645             | -                | -                | 44,645                    |
| Europe – Other                        | 41,872             | 12,659           | -                | 54,531                    | 39,268             | -                | -                | 39,268                    |
| North America                         | 123,452            | 7,640            | -                | 131,092                   | 96,157             | -                | -                | 96,157                    |
| South America                         | -                  | -                | -                | -                         | 1                  | -                | -                | 1                         |
|                                       | <u>274,488</u>     | <u>47,547</u>    | <u>(47,547)</u>  | <u>274,488</u>            | <u>214,628</u>     | <u>-</u>         | <u>-</u>         | <u>214,628</u>            |
| <b>International Technology Fund</b>  |                    |                  |                  |                           |                    |                  |                  |                           |
| Japan                                 | 6,691              | -                | -                | 6,691                     | 6,866              | -                | -                | 6,866                     |
| Other Asia                            | 21,203             | -                | -                | 21,203                    | 21,719             | -                | -                | 21,719                    |
| Australia                             | 565                | -                | -                | 565                       | 9,403              | -                | -                | 9,403                     |
| Europe – Euro                         | 2,829              | -                | -                | 2,829                     | 3,494              | -                | -                | 3,494                     |
| Europe – Other                        | 8,031              | -                | -                | 8,031                     | 10,315             | -                | -                | 10,315                    |
| North America                         | 72,787             | -                | -                | 72,787                    | 63,879             | -                | -                | 63,879                    |
|                                       | <u>112,106</u>     | <u>-</u>         | <u>-</u>         | <u>112,106</u>            | <u>115,676</u>     | <u>-</u>         | <u>-</u>         | <u>115,676</u>            |

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

**(c) Market Risk (continued)**

**(i) Foreign Exchange Risk (continued)**

*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.

|                                       | <b>2019</b>   | <b>2019</b>   | <b>2018</b>   | <b>2018</b>   |                                      | <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>+10%</b>   | <b>-10%</b>   | <b>+10%</b>   | <b>-10%</b>   |
|                                       | <b>\$'000</b> | <b>\$'000</b> | <b>\$'000</b> | <b>\$'000</b> |                                      | <b>\$'000</b> | <b>\$'000</b> | <b>\$'000</b> | <b>\$'000</b> |
| <b>International Fund</b>             |               |               |               |               | <b>Unhedged Fund</b>                 |               |               |               |               |
| United States Dollar                  | (264,598)     | 391,318       | (304,314)     | 359,436       | United States Dollar                 | (12,688)      | 15,394        | (12,433)      | 15,044        |
| Hong Kong Dollar                      | (121,419)     | 148,400       | (141,946)     | 173,490       | Euro                                 | (3,916)       | 4,786         | (3,630)       | 4,436         |
| Other                                 | (315,472)     | 391,934       | (560,438)     | 684,976       | Other                                | (10,422)      | 12,736        | (12,719)      | 15,544        |
| <b>Asia Fund</b>                      |               |               |               |               | <b>European Fund</b>                 |               |               |               |               |
| United States Dollar                  | (176,297)     | 215,388       | (69,059)      | 84,424        | Euro                                 | (16,581)      | 21,841        | (32,415)      | 39,615        |
| Hong Kong Dollar                      | (112,445)     | 138,085       | (148,595)     | 181,616       | Great Britain Pound                  | (7,331)       | 9,656         | (13,463)      | 16,455        |
| Other                                 | (102,150)     | 125,178       | (209,267)     | 251,566       | Other                                | (40,835)      | 50,014        | (45,919)      | 55,656        |
| <b>Japan Fund</b>                     |               |               |               |               | <b>International Brands Fund</b>     |               |               |               |               |
| Japanese Yen                          | (49,010)      | 66,732        | (70,700)      | 87,281        | United States Dollar                 | (20,088)      | 29,669        | (39,777)      | 47,692        |
| United States Dollar                  | (8,329)       | 10,596        | (3,367)       | 4,115         | Euro                                 | (14,873)      | 18,179        | (20,297)      | 24,807        |
| Other                                 | (3,689)       | 4,509         | -             | -             | Other                                | (10,662)      | 13,759        | (16,941)      | 20,238        |
| <b>International Health Care Fund</b> |               |               |               |               | <b>International Technology Fund</b> |               |               |               |               |
| United States Dollar                  | (10,326)      | 13,275        | (8,617)       | 10,539        | United States Dollar                 | (6,031)       | 7,424         | (5,518)       | 6,762         |
| Euro                                  | (2,557)       | 3,126         | (4,019)       | 4,912         | Korean Won                           | (808)         | 988           | (683)         | 834           |
| Other                                 | (9,071)       | 11,088        | (4,616)       | 5,642         | Other                                | (2,951)       | 3,624         | (3,488)       | 4,262         |

**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.

**(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 2019 and 2018, if interest rates had changed by  $\pm 100$  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 2019, 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 2019

Note 9 Financial Risk Management (continued)

(c) Market Risk (continued)

(iii) Price Risk (continued)

Price risk sensitivity analysis (continued)

|                                       | 2019<br>+10%<br>\$'000 | 2019<br>-10%<br>\$'000 | 2018<br>+10%<br>\$'000 | 2018<br>-10%<br>\$'000 |                                      | 2019<br>+10%<br>\$'000 | 2019<br>-10%<br>\$'000 | 2018<br>+10%<br>\$'000 | 2018<br>-10%<br>\$'000 |
|---------------------------------------|------------------------|------------------------|------------------------|------------------------|--------------------------------------|------------------------|------------------------|------------------------|------------------------|
| <b>International Fund</b>             |                        |                        |                        |                        | <b>Unhedged Fund</b>                 |                        |                        |                        |                        |
| United States                         | 312,272                | (312,272)              | 245,034                | (245,034)              | United States                        | 8,578                  | (8,578)                | 7,806                  | (7,806)                |
| China                                 | 233,850                | (233,850)              | 257,460                | (257,460)              | China                                | 7,086                  | (7,086)                | 9,629                  | (9,629)                |
| Japan                                 | 92,245                 | (92,245)               | 140,165                | (140,165)              | India                                | 1,935                  | (1,935)                | 1,451                  | (1,451)                |
| Other                                 | 276,804                | (276,804)              | 325,909                | (325,909)              | Other                                | 4,785                  | (4,785)                | 5,854                  | (5,854)                |
| <b>Asia Fund</b>                      |                        |                        |                        |                        | <b>European Fund</b>                 |                        |                        |                        |                        |
| China                                 | 156,475                | (156,475)              | 237,641                | (237,641)              | German                               | 13,089                 | (13,089)               | 22,205                 | (22,205)               |
| Hong Kong                             | 60,471                 | (60,471)               | 28,453                 | (28,453)               | United Kingdom                       | 10,658                 | (10,658)               | 14,185                 | (14,185)               |
| India                                 | 56,185                 | (56,185)               | 57,778                 | (57,778)               | Swaziland                            | 10,084                 | (10,084)               | 10,502                 | (10,502)               |
| Other                                 | 60,428                 | (60,428)               | 59,205                 | (59,205)               | Other                                | 11,122                 | (11,122)               | 3,957                  | (3,957)                |
| <b>Japan Fund</b>                     |                        |                        |                        |                        | <b>International Brands Fund</b>     |                        |                        |                        |                        |
| Japan                                 | 77,849                 | (77,849)               | 76,740                 | (76,740)               | United States                        | 23,933                 | (23,933)               | 27,445                 | (27,445)               |
| Korea                                 | 5,452                  | (5,452)                | -                      | -                      | China                                | 20,922                 | (20,922)               | 22,576                 | (22,576)               |
|                                       |                        |                        |                        |                        | Japan                                | 5,768                  | (5,768)                | 9,207                  | (9,207)                |
|                                       |                        |                        |                        |                        | Hong Kong                            | 3,069                  | (3,069)                | 1,719                  | (1,719)                |
|                                       |                        |                        |                        |                        | Other                                | 7,415                  | (7,415)                | 11,637                 | (11,637)               |
| <b>International Health Care Fund</b> |                        |                        |                        |                        | <b>International Technology Fund</b> |                        |                        |                        |                        |
| United States                         | 11,153                 | (11,153)               | 8,300                  | (8,300)                | United States                        | 5,188                  | (5,188)                | 4,679                  | (4,679)                |
| Germany                               | 1,546                  | (1,546)                | 1,171                  | (1,171)                | China                                | 950                    | (950)                  | 1,587                  | (1,587)                |
| Swaziland                             | 1,345                  | (1,345)                | 200                    | (200)                  | Korea                                | 889                    | (889)                  | 751                    | (751)                  |
| Japan                                 | 1,227                  | (1,227)                | 867                    | (867)                  | United Kingdom                       | 331                    | (331)                  | 410                    | (410)                  |
| Other                                 | 3,371                  | (3,371)                | 5,141                  | (5,141)                | Other                                | 348                    | (348)                  | 689                    | (689)                  |

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  |                |
|--------|--------------------|------------------|----------------|----------------|----------------|----------------|----------------|----------------|
|        | 2019<br>\$'000     | 2018<br>\$'000   | 2019<br>\$'000 | 2018<br>\$'000 | 2019<br>\$'000 | 2018<br>\$'000 | 2019<br>\$'000 | 2018<br>\$'000 |
| AA-    | 1,461,448          | 425,462          | 48,867         | 10,016         | 822,441        | -              | 80,040         | -              |
| A      | -                  | 791,299          | -              | 38,393         | -              | 735,239        | -              | 125,262        |
| A-     | 158,837            | 225,161          | 17,255         | 17,969         | 29,351         | 2,219          | 5,926          | 7,329          |
| BBB+   | 505,171            | 339,132          | 1,297          | 4,906          | 74,711         | 41,385         | 13,058         | 5,268          |
| BBB    | -                  | 21,360           | -              | -              | -              | -              | -              | -              |
|        | <b>2,125,456</b>   | <b>1,802,414</b> | <b>67,419</b>  | <b>71,284</b>  | <b>926,503</b> | <b>778,843</b> | <b>99,024</b>  | <b>137,859</b> |

  

| Rating | Japan Fund     |                | International Brands Fund |                | International Health Care Fund |                | International Technology Fund |                |
|--------|----------------|----------------|---------------------------|----------------|--------------------------------|----------------|-------------------------------|----------------|
|        | 2019<br>\$'000 | 2018<br>\$'000 | 2019<br>\$'000            | 2018<br>\$'000 | 2019<br>\$'000                 | 2018<br>\$'000 | 2019<br>\$'000                | 2018<br>\$'000 |
| AA-    | 66,178         | 12,019         | 88,740                    | 27,025         | 45,250                         | 4,097          | 23,257                        | 12,501         |
| A      | -              | 60,401         | -                         | 116,516        | -                              | 19,320         | -                             | 10,084         |
| A-     | 2,679          | -              | 36,695                    | 17,625         | 1,199                          | 170            | 231                           | 214            |
| BBB+   | 18,900         | 5,566          | 25,419                    | 47,971         | 3,369                          | 12             | -                             | 165            |
| BBB    | -              | -              | 17,100                    | 35,408         | -                              | -              | 766                           | -              |
|        | <b>87,757</b>  | <b>77,986</b>  | <b>167,954</b>            | <b>244,545</b> | <b>49,818</b>                  | <b>23,599</b>  | <b>24,254</b>                 | <b>22,964</b>  |

(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*

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.

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.

**Notes to the Financial Statements**  
**For the year ended 30 June 2019**

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

**(e) Liquidity Risk (continued)**

(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  |                  |
|--|--------------------|-------------------|----------------|----------------|------------------|------------------|----------------|------------------|
|  | 2019<br>\$'000     | 2018<br>\$'000    | 2019<br>\$'000 | 2018<br>\$'000 | 2019<br>\$'000   | 2018<br>\$'000   | 2019<br>\$'000 | 2018<br>\$'000   |
| <b>Payable within 3 months</b>   |                    |                   |                |                |                  |                  |                |                  |
| Payables on purchase of financial assets/liabilities                         | 67,237             | 8,301             | 486            | 979            | 39,727           | 365              | 16,316         | 3,068            |
| Management (and administration fees) payable                                 | 10,728             | 12,508            | 288            | 339            | 4,640            | 5,306            | 932            | 1,087            |
| Swap income payable  | -                  | -                 | -              | -              | -                | 3                | -              | 5                |
| Performance fees payable   | -                  | -                 | -              | -              | -                | 1                | -              | 2                |
| Payable for Capital Gains Tax  | -                  | -                 | 79             | 79             | -                | -                | -              | -                |
| Interest payable   | 272                | 86                | 7              | -              | -                | -                | 32             | 1                |
| Unitholders' distribution payable  | 812,262            | 1,225,801         | 15,403         | 27,217         | 236,778          | 922,748          | 58,235         | 72,316           |
| Operating liabilities  | 890,499            | 1,246,696         | 16,263         | 28,614         | 281,145          | 928,423          | 75,515         | 76,479           |
| <b>Net assets realisable in 1 year or less to meet operating liabilities</b> | <b>10,802,379</b>  | <b>11,603,760</b> | <b>306,864</b> | <b>340,124</b> | <b>4,711,985</b> | <b>4,906,911</b> | <b>947,767</b> | <b>1,037,470</b> |
| Net assets attributable to unitholders                                       | 9,916,849          | 10,359,043        | 290,647        | 311,586        | 4,435,388        | 3,982,852        | 873,252        | 961,180          |

Notes to the Financial Statements  
For the year ended 30 June 2019

Note 9 Financial Risk Management (continued)

(e) Liquidity Risk (continued)

|  | Japan Fund     |                | International Brands Fund |                | International Health Care Fund |                | International Technology Fund |                |
|--|----------------|----------------|---------------------------|----------------|--------------------------------|----------------|-------------------------------|----------------|
|  | 2019<br>\$'000 | 2018<br>\$'000 | 2019<br>\$'000            | 2018<br>\$'000 | 2019<br>\$'000                 | 2018<br>\$'000 | 2019<br>\$'000                | 2018<br>\$'000 |
| <b>Payable within 3 months</b>   |                |                |                           |                |                                |                |                               |                |
| Payables on purchase of financial assets/liabilities                         | 2,056          | 1              | 52                        | -              | 6,769                          | 468            | -                             | -              |
| Management (and administration fees) payable                                 | 755            | 841            | 730                       | 998            | 261                            | 215            | 107                           | 117            |
| Swap income payable  | 491            | 30             | -                         | -              | -                              | -              | -                             | -              |
| Performance fees payable   | -              | -              | -                         | -              | -                              | 15             | -                             | -              |
| Payable for Capital Gains Tax  | -              | -              | 117                       | 117            | -                              | -              | 23                            | 23             |
| Interest payable   | 10             | 4              | 4                         | 10             | 3                              | 6              | 1                             | 2              |
| Unitholders' distribution payable  | 78,967         | 42,363         | 65,578                    | 189,361        | 26,762                         | 15,234         | 4,218                         | 2,292          |
| Operating liabilities  | 82,279         | 43,239         | 66,481                    | 190,486        | 33,795                         | 15,938         | 4,349                         | 2,434          |
| <b>Net assets realisable in 1 year or less to meet operating liabilities</b> | <b>791,622</b> | <b>830,005</b> | <b>714,657</b>            | <b>913,972</b> | <b>274,849</b>                 | <b>215,846</b> | <b>112,257</b>                | <b>115,883</b> |
| Net assets attributable to unitholders                                       | 709,343        | 786,766        | 649,362                   | 724,509        | 241,267                        | 200,076        | 107,910                       | 113,449        |

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 2019

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  |                |
|---------------------------------|--------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                                 | 2019<br>\$'000     | 2018<br>\$'000 | 2019<br>\$'000 | 2018<br>\$'000 | 2019<br>\$'000 | 2018<br>\$'000 | 2019<br>\$'000 | 2018<br>\$'000 |
| <b>Payable within 3 months</b>  |                    |                |                |                |                |                |                |                |
| Derivative contractual outflows | 35,282             | 8,124          | -              | 463            | 2,494          | -              | 4,011          | 23             |
| Forward currency contracts      | 31,074             | 14,882         | -              | -              | 21,288         | -              | -              | 6,835          |
|                                 | <u>66,356</u>      | <u>23,006</u>  | <u>-</u>       | <u>463</u>     | <u>23,782</u>  | <u>-</u>       | <u>4,011</u>   | <u>6,858</u>   |

  

|                                 | Japan Fund     |                | International Brands Fund |                | International Health Care Fund |                | International Technology Fund |                |
|---------------------------------|----------------|----------------|---------------------------|----------------|--------------------------------|----------------|-------------------------------|----------------|
|                                 | 2019<br>\$'000 | 2018<br>\$'000 | 2019<br>\$'000            | 2018<br>\$'000 | 2019<br>\$'000                 | 2018<br>\$'000 | 2019<br>\$'000                | 2018<br>\$'000 |
| <b>Payable within 3 months</b>  |                |                |                           |                |                                |                |                               |                |
| Derivative contractual outflows | 2,243          | -              | 2,821                     | 4,284          | 277                            | -              | 10                            | -              |
| Forward currency contracts      | 3,037          | -              | 1,072                     | 3,985          | 461                            | -              | -                             | -              |
|                                 | <u>5,280</u>   | <u>-</u>       | <u>3,893</u>              | <u>8,269</u>   | <u>738</u>                     | <u>-</u>       | <u>10</u>                     | <u>-</u>       |

At 30 June 2019, there are no other contractual amounts due or payable after 3 months.

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

**(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 2019 and 30 June 2018. None of the registered schemes, other than Platinum International Health Care Fund, Platinum European Fund and Platinum International Brands Fund, has any assets or liabilities that are classified as level 3.

Notes to the Financial Statements  
For the year ended 30 June 2019

Note 10 Fair Value Hierarchy (continued)

| 30 June 2019                                      | International Fund        |                           |                         | Unhedged Fund             |                           |                         | Asia Fund                 |                           |                         |
|---|---------------------------|---------------------------|-------------------------|---------------------------|---------------------------|-------------------------|---------------------------|---------------------------|-------------------------|
|   | Level 1<br>\$'000         | Level 2<br>\$'000         | Total<br>\$'000         | Level 1<br>\$'000         | Level 2<br>\$'000         | Total<br>\$'000         | Level 1<br>\$'000         | Level 2<br>\$'000         | Total<br>\$'000         |
| <b>Financial assets</b>                           |                           |                           |                         |                           |                           |                         |                           |                           |                         |
| Equity securities                                 | 8,641,180                 | 241,070                   | 8,882,250               | 238,104                   | 17,286                    | 255,390                 | 3,779,367                 | -                         | 3,779,367               |
| Derivatives                                       | -                         | 34,502                    | 34,502                  | -                         | 156                       | 156                     | -                         | 706                       | 706                     |
| Forward currency contracts                        | -                         | 16,764                    | 16,764                  | -                         | -                         | -                       | 687                       | 4,227                     | 4,914                   |
|   | 8,641,180                 | 292,336                   | 8,933,516               | 238,104                   | 17,442                    | 255,546                 | 3,780,054                 | 4,933                     | 3,784,987               |
| <b>Financial liabilities</b>                      |                           |                           |                         |                           |                           |                         |                           |                           |                         |
| Derivatives                                       | 29,317                    | 5,965                     | 35,282                  | -                         | -                         | -                       | 2,494                     | -                         | 2,494                   |
| Forward currency contracts                        | -                         | 31,074                    | 31,074                  | -                         | -                         | -                       | -                         | 21,288                    | 21,288                  |
|   | 29,317                    | 37,039                    | 66,356                  | -                         | -                         | -                       | 2,494                     | 21,288                    | 23,782                  |
| <b>Total of financial assets less liabilities</b> | 8,611,863                 | 255,297                   | 8,867,160               | 238,104                   | 17,442                    | 255,546                 | 3,777,560                 | (16,355)                  | 3,761,205               |
| <b>30 June 2018</b>                               | <b>Level 1<br/>\$'000</b> | <b>Level 2<br/>\$'000</b> | <b>Total<br/>\$'000</b> | <b>Level 1<br/>\$'000</b> | <b>Level 2<br/>\$'000</b> | <b>Total<br/>\$'000</b> | <b>Level 1<br/>\$'000</b> | <b>Level 2<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
| <b>Financial assets</b>                           |                           |                           |                         |                           |                           |                         |                           |                           |                         |
| 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               |
| <b>Financial liabilities</b>                      |                           |                           |                         |                           |                           |                         |                           |                           |                         |
| Derivatives                                       | -                         | 8,124                     | 8,124                   | -                         | 463                       | 463                     | -                         | -                         | -                       |
| Forward currency contracts                        | -                         | 14,882                    | 14,882                  | -                         | -                         | -                       | -                         | -                         | -                       |
|   | -                         | 23,006                    | 23,006                  | -                         | 463                       | 463                     | -                         | -                         | -                       |
| <b>Total of financial assets less liabilities</b> | 9,759,696                 | 269,374                   | 10,029,070              | 266,348                   | 17,549                    | 283,897                 | 4,109,534                 | 55                        | 4,109,589               |

Notes to the Financial Statements  
For the year ended 30 June 2019

Note 10 Fair Value Hierarchy (continued)

| 30 June 2019                                      | European Fund             |                           |                           |                         | Japan Fund                |                           |                         | International Brands Fund |                           |                           |                         |
|---|---------------------------|---------------------------|---------------------------|-------------------------|---------------------------|---------------------------|-------------------------|---------------------------|---------------------------|---------------------------|-------------------------|
|   | Level 1<br>\$'000         | Level 2<br>\$'000         | Level 3<br>\$'000         | Total<br>\$'000         | Level 1<br>\$'000         | Level 2<br>\$'000         | Total<br>\$'000         | Level 1<br>\$'000         | Level 2<br>\$'000         | Level 3<br>\$'000         | Total<br>\$'000         |
| <b>Financial assets</b>                           |                           |                           |                           |                         |                           |                           |                         |                           |                           |                           |                         |
| Equity securities                                 | 827,228                   | -                         | 7,123                     | 834,351                 | 704,686                   | -                         | 704,686                 | 533,336                   | 38,891                    | 997                       | 573,224                 |
| Derivatives                                       | -                         | 383                       | -                         | 383                     | -                         | 3,000                     | 3,000                   | -                         | 2,160                     | -                         | 2,160                   |
| Forward currency contracts                        | -                         | 2,600                     | -                         | 2,600                   | -                         | 795                       | 795                     | -                         | 1,133                     | -                         | 1,133                   |
|   | 827,228                   | 2,983                     | 7,123                     | 837,334                 | 704,686                   | 3,795                     | 708,481                 | 533,336                   | 42,184                    | 997                       | 576,517                 |
| <b>Financial liabilities</b>                      |                           |                           |                           |                         |                           |                           |                         |                           |                           |                           |                         |
| Derivatives                                       | 3,791                     | 220                       | -                         | 4,011                   | 1,171                     | 1,072                     | 2,243                   | -                         | 2,821                     | -                         | 2,821                   |
| Forward currency contracts                        | -                         | -                         | -                         | -                       | -                         | 3,037                     | 3,037                   | -                         | 1,072                     | -                         | 1,072                   |
|   | 3,791                     | 220                       | -                         | 4,011                   | 1,171                     | 4,109                     | 5,280                   | -                         | 3,893                     | -                         | 3,893                   |
| <b>Total of financial assets less liabilities</b> | 823,437                   | 2,763                     | 7,123                     | 833,323                 | 703,515                   | (314)                     | 703,201                 | 533,336                   | 38,291                    | 997                       | 572,624                 |
| <b>30 June 2018</b>                               | <b>Level 1<br/>\$'000</b> | <b>Level 2<br/>\$'000</b> | <b>Level 3<br/>\$'000</b> | <b>Total<br/>\$'000</b> | <b>Level 1<br/>\$'000</b> | <b>Level 2<br/>\$'000</b> | <b>Total<br/>\$'000</b> | <b>Level 1<br/>\$'000</b> | <b>Level 2<br/>\$'000</b> | <b>Level 3<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
| <b>Financial assets</b>                           |                           |                           |                           |                         |                           |                           |                         |                           |                           |                           |                         |
| 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                 |
| <b>Financial liabilities</b>                      |                           |                           |                           |                         |                           |                           |                         |                           |                           |                           |                         |
| 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                   |
| <b>Total of financial assets less liabilities</b> | 865,329                   | (2,089)                   | -                         | 863,240                 | 750,930                   | 711                       | 751,641                 | 704,718                   | (2,209)                   | 2,168                     | 704,677                 |

Notes to the Financial Statements  
For the year ended 30 June 2019

Note 10 Fair Value Hierarchy (continued)

| 30 June 2019                                      | International Health Care Fund |                           |                           |                         | International Technology Fund |                           |                         |
|---|--------------------------------|---------------------------|---------------------------|-------------------------|-------------------------------|---------------------------|-------------------------|
|   | Level 1<br>\$'000              | Level 2<br>\$'000         | Level 3<br>\$'000         | Total<br>\$'000         | Level 1<br>\$'000             | Level 2<br>\$'000         | Total<br>\$'000         |
| <b>Financial assets</b>                           |                                |                           |                           |                         |                               |                           |                         |
| Equity securities                                 | 63,668                         | 146,106                   | 15,366                    | 225,140                 | 87,856                        | -                         | 87,856                  |
| Derivatives                                       | -                              | 147                       | -                         | 147                     | -                             | 96                        | 96                      |
| Forward currency contracts                        | -                              | 142                       | -                         | 142                     | -                             | -                         | -                       |
|   | 63,668                         | 146,395                   | 15,366                    | 225,429                 | 87,856                        | 96                        | 87,952                  |
| <b>Financial liabilities</b>                      |                                |                           |                           |                         |                               |                           |                         |
| Derivatives                                       | 105                            | 172                       | -                         | 277                     | -                             | 10                        | 10                      |
| Forward currency contracts                        | -                              | 461                       | -                         | 461                     | -                             | -                         | -                       |
|   | 105                            | 633                       | -                         | 738                     | -                             | 10                        | 10                      |
| <b>Total of financial assets less liabilities</b> | 63,563                         | 145,762                   | 15,366                    | 224,691                 | 87,856                        | 86                        | 87,942                  |
| <b>30 June 2018</b>                               | <b>Level 1<br/>\$'000</b>      | <b>Level 2<br/>\$'000</b> | <b>Level 3<br/>\$'000</b> | <b>Total<br/>\$'000</b> | <b>Level 1<br/>\$'000</b>     | <b>Level 2<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
| <b>Financial assets</b>                           |                                |                           |                           |                         |                               |                           |                         |
| 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                  |
| <b>Financial liabilities</b>                      |                                |                           |                           |                         |                               |                           |                         |
| Derivatives                                       | -                              | -                         | -                         | -                       | -                             | -                         | -                       |
| Forward currency contracts                        | -                              | -                         | -                         | -                       | -                             | -                         | -                       |
|   | -                              | -                         | -                         | -                       | -                             | -                         | -                       |
| <b>Total of financial assets less liabilities</b> | 187,061                        | -                         | 4,000                     | 191,061                 | 92,711                        | 56                        | 92,767                  |

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.

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

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

**(i) PIHF's unlisted securities**

At 30 June 2019, Platinum International Health Care Fund ('PIHF') had three unlisted securities that have been classified as level 3. All three of these securities are private companies and the capital that PIHF invested contributed to research and development.

A summary of the level 3 securities held at balance date is as follows:

| <b>Name of security</b> | <b>Fair value at 30 June 2019 (\$'000)</b> | <b>Fair value at 30 June 2018 (\$'000)</b> | <b>Basis of valuation</b>  |
|-------------------------|--|--|--|
| SpeedX                  | 9,380                                      | 4,000                                      | This security is an Australian based private company which continues to be valued at cost. In the 2019 financial year, we are not aware of any additional third party capital raisings. The increase in value between the current and comparative period is related to the fact that during the current year, an additional 870,550 units were purchased at cost (A\$6.18/share). This cost per unit and hence the fair value per unit was the same cost and fair value per unit used to value the security in the comparative period.   |
| FirstPharma             | 1,000                                      | n/a  | This security is an Australian based private company. There was one purchase of securities made by PIHF in the current financial year and this was the purchase made on 16 August 2018. We are not aware of any additional third party capital raisings in the 2019 financial year and hence this security has been valued at cost at balance date.  |
| BioNTech                | 4,986                                      | n/a  | This was a new unlisted security purchased during the year. On 26 June 2019, PIHF was registered as holding title to the security, following a capital raising by the company to PIHF and other external parties. Settlement of the proceeds took place on 1 July 2019, which meant that in the accounts of PIHF, we have recognised a liability for the amounts owing at balance date (refer to note 8: the amount owing forms part of the balance for payables for purchase of financial assets). The recognition of this balance is in addition to the recognition of the amount in the first column as a financial asset at fair value through profit or loss. |
| <b>Total</b>            | <b>15,366</b>                              | <b>4,000</b>                               |  |

Taken together, the above unlisted securities represent approximately 6.4% (2018: 2%) of PIHF's net assets at 30 June 2019.

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

**(i) PIHF's unlisted securities (continued)**

A summary of the movement in level 3 securities, for PIHF, for the year ended 30 June 2019 is outlined below

|   | <b>30 June<br/>2019<br/>Level 3<br/>\$'000</b> | <b>30 June<br/>2018<br/>Level 3<br/>\$'000</b> |
|---|--|--|
| Opening balance                               | 4,000  | 2,000  |
| Purchases*                                    | 11,366   | 2,000  |
| Sales   | -  | -  |
| Gains and losses recognised in profit or loss | -  | -  |
| Closing balance                               | 15,366   | 4,000  |

\* the purchase (at cost) of \$11,366,355 is comprised of capital contributed of \$5,380,000 in relation to SpeedX (that was already held at 30 June 2018) and \$1,000,355 in relation to First Pharma that was acquired during the year. In addition, a new security, BioNtech was purchased during the year (fair value: \$4,986,000).

**(a) 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.

| <b>Description</b>  | <b>Best estimate of fair value at<br/>30 June 2019</b> | <b>Key unobservable inputs</b>   | <b>Estimates for unobservable<br/>inputs</b>              |
|---------------------|--|--|---|
| Unlisted securities | \$15,366,355   | For First Pharma, SpeedX and BioNtech, the unlisted securities' fair value has been determined to be the same as its acquisition cost. | Downside: \$15,366,355 (loss of any capital contributed). |

**(b) Valuation processes**

The valuation of each investment that the registered schemes hold is the primary responsibility of the Investment Manager ("PIML"). During the year, the Board of PIML set up a Securities Pricing Committee, which has authority to review and approve valuation methodologies to be applied to determine the fair values of portfolio securities and other assets held by the registered schemes for which no quoted market price is readily available.

The Committee also assesses if an adjustment is required to the quoted market price of any security, if it is considered that the quoted market price is not reasonable (for example securities with a so-called "stale" price). A register is maintained documenting the valuation used and the basis for the valuation of any security or investment that may be manually adjusted or manually priced.

The Securities Pricing Committee meets on a quarterly basis, and as required.

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For the year ended 30 June 2019**

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

**(ii) PEF's unlisted security**

At 30 June 2019, Platinum European Fund ("PEF") also had an interest in BioNTech. PEF purchased BioNTech on the same date and with the same arrangement as PIHF.

A summary of the level 3 securities and the purchases made in the current financial year is as follows:

| <b>Name of security</b> | <b>Value at 30 June 2019 (\$'000)</b> | <b>Value at 30 June 2018 (\$'000)</b> | <b>Basis of valuation</b>   |
|-------------------------|---------------------------------------|---------------------------------------|---|
| BioNTech                | 7,123                                 | n/a                                   | This was a new unlisted security purchased during the year. On 26 June 2019, PEF was registered as holding title to the security, following a capital raising by the company to PIHF and other external parties. Settlement of the proceeds took place on 1 July 2019, which meant that in the accounts of PEF, we have recognised a liability for the amounts owing at balance date (refer to note 8: the amount owing forms part of the balance of payables for purchase of financial assets). The recognition of this balance is in addition to the recognition of the amount in the first column as a financial asset at fair value through profit or loss. |
| <b>Total</b>            | <b>7,123</b>                          | <b>n/a</b>                            |   |

BioNTech contributes 0% of PEF's net assets at 30 June 2019, because the asset line is offset by the liability line in PEF's statement of financial position. If the liability has been settled on or before 30 June 2019, then the value of this security would have represented 0.82% of PEF's net assets.

A summary of the movement in level 3 security, for PEF, for the year ended 30 June 2019 is outlined below

|   | <b>30 Jun 2019 Level 3 \$'000</b> | <b>30 Jun 2018 Level 3 \$'000</b> |
|---|-----------------------------------|-----------------------------------|
| Opening balance                               | -                                 | -                                 |
| Purchases*                                    | 7,123                             | -                                 |
| Sales   | -                                 | -                                 |
| Gains and losses recognised in profit or loss | -                                 | -                                 |
| Closing balance                               | <u>7,123</u>                      | -                                 |

\* the purchase (at cost) of \$7,123,000 represents the cost and fair value of BioNtech that was purchased during the year.

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

**(i) PEF's unlisted security (continued)**

(a) 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.

| <b>Description</b> | <b>Best estimate of fair value at 30 June 2019</b> | <b>Key unobservable inputs</b>  | <b>Estimates for unobservable inputs</b>                 |
|--------------------|--|---|--|
| Unlisted security  | \$7,123,000  | The unlisted securities' fair value has been determined to be the same as its acquisition cost. | Downside: \$7,123,000 (loss of any capital contributed). |

(b) Valuation processes

The valuation process used to value this security is the same as that outlined on page 54.

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

**(iii) PIBF's Zimbabwean security**

*Rationale for classification of assets and liabilities as level 3*

During the year, a new Zimbabwean currency was launched (the Zimbabwe Dollar or ZWL) and Bloomberg commenced pricing all Zimbabwean securities listed on the Zimbabwe stock exchange in ZWL on a daily basis.

As a result of this change, the Investment Manager recommended that the registered schemes change its fair value measurement methodology basis for its Zimbabwean security as set forth below. Effective 26 March 2019 ("Effective Date"), the Investment Manager used the daily ZWL price quoted on the Zimbabwe stock exchange as the starting point for its daily valuation of its Zimbabwean security. This is indicative or suggestive of Level 1 pricing. However, whilst the Reserve Bank of Zimbabwe publishes an official daily ZWL to USD exchange rate, there are no external quoted exchange rates available. Hence, the Investment Manager has decided to use the Old Mutual Implied Rate (OMIR) as a proxy exchange rate which incorporates a liquidity discount arising from the restriction on repatriating funds out of Zimbabwe. The OMIR is based on a trade weighted average of the Old Mutual securities listed on both the London and South African stock exchanges.

As a result of this manual adjustment to the ZWL price quoted on the Zimbabwe stock exchange, in order to derive or translate the local currency fair value into Australian Dollars, the security has been classified as Level 3 for the purposes of applying the fair value hierarchy model.

The change in valuation methodology was implemented from the Effective Date. Prior to the Effective Date, the Investment Manager applied a 33% discount to the lowest quoted market price for the period from 12 September 2017 to 25 March 2019, to account for the lack of liquidity of the Zimbabwean security, and booked a fair value adjustment against all of the registered scheme's Zimbabwean security position, classifying it as Level 3 investment.

Hence, in the 2019 year, whilst the basis for valuation has changed, the security continues to be classified as a Level 3 investment.

Please refer to the 2018 Annual Report for a discussion on how the Zimbabwean security was valued in the comparative year.

As at 30 June 2019, the registered scheme held (approximately) A\$997,000 in Zimbabwean security (based on the adjusted value applied by the Investment Manager), which constituted approximately 0.15% (2018: 0.3%) of the registered scheme's total fair value of investments at 30 June 2019. A summary of the Level 3 fair value applied relative to the "Level 1" equivalent fair value is disclosed in the table below.

| <b>Name of Zimbabwean security</b> | <b>Fair value used to value the security in the accounts (A\$) (Level 3 value used)</b> | <b>Fair value based on the quoted closing market price at 30 June 2019 (A\$) (equivalent Level 1 value)</b> | <b>% discount</b> |
|------------------------------------|---|---|-------------------|
| Delta                              | 997,000   | 1,401,000   | 29                |

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

**(iii) PIBF's Zimbabwean security (continued)**

The total of the Level 3 values disclosed above reconcile to the "30 June 2019" Level 3 value disclosed on the previous page and shows that the value of the investment recorded in the statement of financial position was \$404,000 lower than the value that would have applied if the 30 June 2019 quoted exchange rate for this security had been used when preparing the registered scheme's statement of financial position. Below is a table showing the Level 3 fair value movement during the year.

|                                   | <b>30 Jun<br/>2019<br/>Level 3<br/>\$'000</b> | <b>30 Jun<br/>2018<br/>Level 3<br/>\$'000</b> |
|-----------------------------------|---|---|
| Opening balance                   | 2,168   | -   |
| Transfers from level 1 to level 3 | -   | 2,168   |
| Movement during the year          | (1,171)                                       | -   |
| Closing balance                   | 997   | 2,168   |

Valuation processes

The valuation process used to value this security is the same as that outlined on page 54.

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

**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.

**Notes to the Financial Statements**  
**For the year ended 30 June 2019**

**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 (KMP)**

The following persons were key management personnel of Platinum Investment Management Limited during the financial year up to 30 June 2019:

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

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

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.

**Service Agreements**

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

**Notes to the Financial Statements**  
**For the year ended 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 schemes.

**Directors of the Responsible Entity**

The listing of KMP is shown in Note 11.

**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 65. 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:

| <b>Unitholder</b>                  | <b>No. of units held opening</b> | <b>Investment (cum-distribution) (\$)</b> | <b>Interest held (%)</b> | <b>No. of units acquired</b> | <b>No. of units disposed/<br/>*transferred out as Kerr Neilson was no longer a related party</b> | <b>No. of units held closing</b> | <b>Distributions paid/payable by the Fund (\$)</b> |
|------------------------------------|----------------------------------|---|--------------------------|------------------------------|--|----------------------------------|--|
| <b>Platinum International Fund</b> |                                  |   |                          |                              |  |                                  |  |
| <b>30 June 2019</b>                |                                  |   |                          |                              |  |                                  |  |
| Key management personnel           | 11,469,620                       | -   | -                        | -                            | (11,469,620)   | -                                | -  |
| Other related parties              | 81,884,975                       | 20,381,411                                | 0.19                     | 812,855                      | (72,078,676)   | 10,619,154                       | 628,777  |
| Responsible entity                 | 15,750                           | 12,003                                    | -                        | -                            | -  | 15,750                           | 1,721  |
| <b>30 June 2018</b>                |                                  |   |                          |                              |  |                                  |  |
| Key management personnel           | 10,258,846                       | 23,650,356                                | 0.20                     | 1,210,774                    | -  | 11,469,620                       | 2,502,912  |
| Other related parties              | 67,846,230                       | 157,477,465                               | 1.31                     | 14,064,843                   | (26,098)   | 81,884,975                       | 30,424,216   |
| Responsible entity                 | 5,775                            | 24,485                                    | -                        | 9,975                        | -  | 15,750                           | 2,723  |

\* Kerr Neilson's interest has been excluded from the date of his resignation from the Platinum Investment Management Limited board on 23 July 2018.

Notes to the Financial Statements  
For the year ended 30 June 2019

Note 12 Related Parties (continued)

Related party unitholdings (continued)

| Unitholder                    | No. of units held opening | Investment (cum-distribution) (\$) | Interest held (%) | No. of units acquired | No. of units disposed/<br>*transferred out as Kerr Neilson was no longer a related party | No. of units held closing | Distributions paid/payable by the Fund (\$) |
|-------------------------------|---------------------------|------------------------------------|-------------------|-----------------------|--|---------------------------|---|
| <b>Platinum Unhedged Fund</b> |                           |                                    |                   |                       |  |                           |   |
| <b>30 June 2019</b>           |                           |                                    |                   |                       |  |                           |   |
| Key management personnel      | 2,686,087                 | -                                  | -                 | -                     | (2,686,087)  | -                         | -   |
| Other related parties         | 32,378,477                | 230,397                            | 0.08              | 7,289                 | (32,241,000)   | 144,766                   | 11,624                                      |
| Responsible entity            | 11,799                    | 13,671                             | -                 | -                     | -  | 11,799                    | 750   |
| <b>30 June 2018</b>           |                           |                                    |                   |                       |  |                           |   |
| Key management personnel      | 2,470,260                 | 4,550,219                          | 1.29              | 215,827               | -  | 2,686,087                 | 366,345                                     |
| Other related parties         | 27,280,665                | 50,786,975                         | 14.45             | 5,097,812             | -  | 32,378,477                | 8,159,111                                   |
| Responsible entity            | 1,824                     | 15,020                             | -                 | 9,975                 | -  | 11,799                    | 1,229                                       |
| <b>Platinum Asia Fund</b>     |                           |                                    |                   |                       |  |                           |   |
| <b>30 June 2019</b>           |                           |                                    |                   |                       |  |                           |   |
| Key management personnel      | 20,415,181                | -                                  | -                 | -                     | (20,415,181)   | -                         | -   |
| Other related parties         | 56,449,145                | 4,964,306                          | 0.26              | 254,061               | (51,738,900)   | 12,245,223                | 628,777                                     |
| Responsible entity            | 14,244                    | 14,244                             | -                 | -                     | -  | 20,367                    | 1,096                                       |
| <b>30 June 2018</b>           |                           |                                    |                   |                       |  |                           |   |
| Key management personnel      | 16,578,581                | 20,415,181                         | 0.97              | 3,836,600             | -  | 52,854,175                | 9,957,510                                   |
| Other related parties         | 39,782,036                | 56,449,145                         | 2.34              | 16,667,109            | -  | 128,082,293               | 44,629,407                                  |
| Responsible entity            | 4,269                     | 14,244                             | -                 | 9,975                 | -  | 25,053                    | 4,805                                       |

Kerr Neilson's interest has been excluded from the date of his resignation from the Platinum Investment Management Limited board on 23 July 2018.

Notes to the Financial Statements  
For the year ended 30 June 2019

Note 12 Related Parties (continued)  
Related party unitholdings (continued)

| Unitholder                    | No. of units held opening | Investment (cum-distribution) (\$) | Interest held (%) | No. of units acquired | No. of units disposed/<br>*transferred out as Kerr Neilson was no longer a related party | No. of units held closing | Distributions paid/payable by the Fund (\$) |
|-------------------------------|---------------------------|------------------------------------|-------------------|-----------------------|--|---------------------------|---|
| <b>Platinum European Fund</b> |                           |                                    |                   |                       |  |                           |   |
| <b>30 June 2019</b>           |                           |                                    |                   |                       |  |                           |   |
| Key management personnel      | 2,650,909                 | -                                  | -                 | -                     | (2,650,909)  | -                         | -   |
| Other related parties         | 8,968,968                 | -                                  | -                 | -                     | (8,968,968)  | -                         | -   |
| Responsible entity            | 14,624                    | 27,904                             | -                 | -                     | -  | 14,624                    | 1,776                                       |
| <b>30 June 2018</b>           |                           |                                    |                   |                       |  |                           |   |
| Key management personnel      | 2,465,472                 | 9,665,883                          | 0.92              | 185,437               | -  | 2,650,909                 | 677,864                                     |
| Other related parties         | 7,785,721                 | 30,692,891                         | 2.92              | 1,183,247             | -  | 8,968,968                 | 4,167,809                                   |
| Responsible entity            | 4,649                     | 29,560                             | -                 | 9,975                 | -  | 14,624                    | 2,113                                       |
| <b>Platinum Japan Fund</b>    |                           |                                    |                   |                       |  |                           |   |
| <b>30 June 2019</b>           |                           |                                    |                   |                       |  |                           |   |
| Key management personnel      | 6,143,538                 | -                                  | -                 | -                     | (6,143,538)  | -                         | -   |
| Other related parties         | 31,550,647                | 13,323,636                         | 1.69              | 323,783               | (28,638,631)   | 3,235,799                 | 1,335,896                                   |
| Responsible entity            | 14,659                    | 32,167                             | -                 | -                     | -  | 14,659                    | 3,298                                       |
| <b>30 June 2018</b>           |                           |                                    |                   |                       |  |                           |   |
| Key management personnel      | 5,829,838                 | 27,264,987                         | 3.20              | 313,700               | -  | 6,143,538                 | 1,394,993                                   |
| Other related parties         | 28,624,036                | 134,790,856                        | 15.83             | 2,926,612             | -  | 31,550,647                | 12,783,840                                  |
| Responsible entity            | 4,684                     | 32,950                             | -                 | 9,975                 | -  | 14,659                    | 1,760                                       |

\*Kerr Neilson's interest has been excluded from the date of his resignation from the Platinum Investment Management Limited board on 23 July 2018.

Notes to the Financial Statements  
For the year ended 30 June 2019

Note 12 Related Parties (continued)  
Related party unitholdings (continued)

| Unitholder                                     | No. of units held opening | Investment (cum-distribution)<br>(\$) | Interest held<br>(%) | No. of units acquired | No. of units disposed /*transferred out as Kerr Neilson was no longer a related party | No. of units held closing | Distributions paid/payable by the Fund<br>(\$) |
|--|---------------------------|---------------------------------------|----------------------|-----------------------|---|---------------------------|--|
| <b>Platinum International Brands Fund</b>      |                           |                                       |                      |                       |   |                           |  |
| <b>30 June 2019</b>                            |                           |                                       |                      |                       |   |                           |  |
| Other related parties                          | 2,728,808                 | -                                     | -                    | -                     | (2,728,808)   | -                         | -  |
| Responsible entity                             | 14,990                    | 20,223                                | -                    | -                     | -   | 14,990                    | 1,979  |
| <b>30 June 2018</b>                            |                           |                                       |                      |                       |   |                           |  |
| Other related parties                          | 1,781,034                 | 5,176,087                             | 0.53                 | 947,774               | -   | 2,728,808                 | 2,150,111                                      |
| Responsible entity                             | 5,015                     | 26,173                                | -                    | 9,975                 | -   | 14,990                    | 5,549  |
| <b>Platinum International Health Care Fund</b> |                           |                                       |                      |                       |   |                           |  |
| <b>30 June 2019</b>                            |                           |                                       |                      |                       |   |                           |  |
| Other related parties                          | 11,575,658                | -                                     | -                    | -                     | (11,575,658)  | -                         | -  |
| Responsible entity                             | 20,046                    | 33,686                                | 0.01                 | -                     | -   | 20,046                    | 3,446  |
| <b>30 June 2018</b>                            |                           |                                       |                      |                       |   |                           |  |
| Other related parties                          | 9,984,941                 | 22,905,836                            | 10.22                | 1,590,717             | -   | 11,575,658                | 3,248,002                                      |
| Responsible entity                             | 10,071                    | 45,712                                | 0.01                 | 9,975                 | -   | 20,046                    | 2,418  |
| <b>Platinum International Technology Fund</b>  |                           |                                       |                      |                       |   |                           |  |
| <b>30 June 2019</b>                            |                           |                                       |                      |                       |   |                           |  |
| Other related parties                          | 8,987,190                 | 159,415                               | 0.14                 | 3,552                 | (8,896,137)   | 94,604                    | 5,998  |
| Responsible entity                             | 19,385                    | 27,939                                | 0.01                 | -                     | -   | 19,385                    | 1,112  |
| <b>30 June 2018</b>                            |                           |                                       |                      |                       |   |                           |  |
| Other related parties                          | 8,591,724                 | 14,743,648                            | 12.63                | 395,466               | -   | 8,987,190                 | 579,658  |
| Responsible entity                             | 9,410                     | 33,066                                | 0.01                 | 9,975                 | -   | 19,385                    | 637  |

\* Kerr Neilson's interest has been excluded from the date of his resignation from the Platinum Investment Management Limited board on 23 July 2018.

**Notes to the Financial Statements**  
**For the year ended 30 June 2019**

**Note 12 Related Parties (continued)**

**Responsible Entity Fees**

Fees paid by the registered schemes include management fees (calculated at 1.35% per annum (2018:1.35%)) exclusive of GST for C Class investors of the registered schemes' net asset value and payable monthly; 1.1% per annum (2018:1.1%) 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:

|  | <b>International Fund</b> |             | <b>Unhedged Fund</b>             |             |                                       | <b>Asia Fund</b> |                                      | <b>European Fund</b> |             |
|--|---------------------------|-------------|----------------------------------|-------------|---------------------------------------|------------------|--------------------------------------|----------------------|-------------|
|  | <b>2019</b>               | <b>2018</b> | <b>2019</b>                      | <b>2018</b> | <b>2019</b>                           | <b>2018</b>      | <b>2019</b>                          | <b>2018</b>          | <b>2018</b> |
|  | <b>\$</b>                 | <b>\$</b>   | <b>\$</b>                        | <b>\$</b>   | <b>\$</b>                             | <b>\$</b>        | <b>\$</b>                            | <b>\$</b>            | <b>\$</b>   |
| Fees for the year expensed by the registered schemes to the responsible entity | 143,129,816               | 150,934,746 | 4,123,353                        | 3,994,953   | 60,158,389                            | 65,103,278       | 12,894,630                           | 11,270,600           |             |
| Aggregate amounts payable by the registered schemes at reporting date          | 10,727,634                | 12,508,475  | 287,786                          | 338,836     | 4,640,137                             | 5,307,423        | 932,342                              | 1,088,847            |             |
|  | <b>Japan Fund</b>         |             | <b>International Brands Fund</b> |             | <b>International Health Care Fund</b> |                  | <b>International Technology Fund</b> |                      |             |
|  | <b>2019</b>               | <b>2018</b> | <b>2019</b>                      | <b>2018</b> | <b>2019</b>                           | <b>2018</b>      | <b>2019</b>                          | <b>2018</b>          |             |
|  | <b>\$</b>                 | <b>\$</b>   | <b>\$</b>                        | <b>\$</b>   | <b>\$</b>                             | <b>\$</b>        | <b>\$</b>                            | <b>\$</b>            | <b>\$</b>   |
| Fees for the year expensed by the registered schemes to the responsible entity | 10,448,038                | 10,484,974  | 9,976,845                        | 12,037,122  | 3,292,599                             | 2,590,788        | 1,522,662                            | 1,383,937            |             |
| Aggregate amounts payable by the registered schemes at reporting date          | 755,271                   | 840,846     | 729,997                          | 997,748     | 260,722                               | 229,492          | 106,526                              | 117,350              |             |

**Notes to the Financial Statements**  
**For the year ended 30 June 2019**

**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  |                | 2019<br>\$'000 | Asia Fund      |                | European Fund  |  |
|---|--------------------|------------------|----------------|----------------|----------------|----------------|----------------|----------------|--|
|   | 2019<br>\$'000     | 2018<br>\$'000   | 2019<br>\$'000 | 2018<br>\$'000 |                | 2018<br>\$'000 | 2019<br>\$'000 | 2018<br>\$'000 |  |
| Cash and cash equivalents                 | 1,496,176          | 1,270,112        | 48,860         | 48,407         | 854,927        | 737,268        | 80,843         | 132,895        |  |
| Cash on deposit held within the portfolio | 389,038            | 226,721          | 1,141          | 3,793          | 72,611         | 40,076         | 21,794         | 4,741          |  |
|   | <u>1,885,214</u>   | <u>1,496,833</u> | <u>50,001</u>  | <u>52,200</u>  | <u>927,538</u> | <u>777,344</u> | <u>102,637</u> | <u>137,636</u> |  |

  

|   | Japan Fund     |                | International Brands Fund |                | International Health Care Fund |                | International Technology Fund |                |
|---|----------------|----------------|---------------------------|----------------|--------------------------------|----------------|-------------------------------|----------------|
|   | 2019<br>\$'000 | 2018<br>\$'000 | 2019<br>\$'000            | 2018<br>\$'000 | 2019<br>\$'000                 | 2018<br>\$'000 | 2019<br>\$'000                | 2018<br>\$'000 |
| Cash and cash equivalents                 | 68,738         | 72,425         | 94,979                    | 165,635        | 45,951                         | 23,567         | 23,254                        | 22,585         |
| Cash on deposit held within the portfolio | 18,248         | 4,854          | 34,814                    | 40,736         | 3,846                          | -              | 910                           | 324            |
|   | <u>86,986</u>  | <u>77,279</u>  | <u>129,793</u>            | <u>206,371</u> | <u>49,797</u>                  | <u>23,567</u>  | <u>24,164</u>                 | <u>22,909</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  |                | 2019<br>\$'000 | Asia Fund      |                | European Fund  |  |
|--|--------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--|
|  | 2019<br>\$'000     | 2018<br>\$'000 | 2019<br>\$'000 | 2018<br>\$'000 |                | 2018<br>\$'000 | 2019<br>\$'000 | 2018<br>\$'000 |  |
| During the year, the following distribution payments were reinvested in additional units | 252,576            | 388,662        | 6,676          | 12,362         | 124,625        | 472,800        | 16,273         | 18,049         |  |

Notes to the Financial Statements  
For the year ended 30 June 2019

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 |        |
|--|------------|--------|---------------------------|--------|--------------------------------|--------|-------------------------------|--------|
|  | 2019       | 2018   | 2019                      | 2018   | 2019                           | 2018   | 2019                          | 2018   |
|  | \$'000     | \$'000 | \$'000                    | \$'000 | \$'000                         | \$'000 | \$'000                        | \$'000 |
| During the year, the following distribution payments were reinvested in additional units | 45,610     | 23,015 | 23,645                    | 58,716 | 14,193                         | 8,543  | 2,266                         | 1,225  |

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

|   | International Fund |                | Unhedged Fund |                 | Asia Fund      |                | European Fund |                  |
|---|--------------------|----------------|---------------|-----------------|----------------|----------------|---------------|------------------|
|   | 2019               | 2018           | 2019          | 2018            | 2019           | 2018           | 2019          | 2018             |
|   | \$'000             | \$'000         | \$'000        | \$'000          | \$'000         | \$'000         | \$'000        | \$'000           |
| <b>Net operating profit</b>   | 74,281             | 1,400,008      | (4,767)       | 46,421          | 24,056         | 686,784        | 10,976        | 109,167          |
| (Increase)/decrease in investments  | 1,161,910          | (910,128)      | 28,351        | (67,585)        | 348,384        | (221,103)      | 29,917        | (426,570)        |
| (Increase)/decrease in exchange rates                                       | (61,957)           | (44,537)       | (1,958)       | (1,297)         | (2,415)        | (26,120)       | (5,117)       | 129              |
| (Increase)/decrease in payable for purchase of financial assets/liabilities | 23,627             | (30,463)       | 2,677         | 3,292           | (9,767)        | 44,039         | 24,977        | (33,392)         |
| (Increase)/decrease in dividends and tax refund receivable                  | 4,434              | 8,630          | 374           | 138             | 7,105          | 1,886          | (1,108)       | (2,424)          |
| (Increase)/decrease in interest receivable                                  | 197                | (258)          | 4             | (12)            | (525)          | (56)           | 103           | (110)            |
| (Increase)/decrease in other receivables                                    | (3,396)            | (60)           | (315)         | (471)           | (261)          | (466)          | 4             | (48)             |
| Increase/(decrease) in proceeds on sale of financial assets                 | 58,936             | (53,629)       | (493)         | (5,479)         | 39,362         | (7,760)        | 13,248        | 1,134            |
| Increase/(decrease) in management, performance payable                      | (1,780)            | (1)            | (51)          | 58              | (667)          | (190)          | (157)         | 439              |
| Increase/(decrease) in interest and swap payables                           | 186                | (76)           | 7             | (6)             | (3)            | (1)            | 26            | (7)              |
| <b>Net Cash Flows from operating activities</b>                             | <b>1,256,438</b>   | <b>369,486</b> | <b>23,829</b> | <b>(24,941)</b> | <b>405,269</b> | <b>477,013</b> | <b>72,869</b> | <b>(351,682)</b> |

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 |                |
|---|----------------|-----------------|---------------------------|----------------|--------------------------------|-----------------|-------------------------------|----------------|
|   | 2019<br>\$'000 | 2018<br>\$'000  | 2019<br>\$'000            | 2018<br>\$'000 | 2019<br>\$'000                 | 2018<br>\$'000  | 2019<br>\$'000                | 2018<br>\$'000 |
| <b>Net operating profit/(loss)</b>  | 21,671         | 71,946          | (19,442)                  | 144,666        | 9,918                          | 33,063          | 4,909                         | 11,634         |
| (Increase)/decrease in investments  | 48,440         | (128,538)       | 132,053                   | 45,489         | (33,630)                       | (42,137)        | 4,825                         | (20,124)       |
| (Increase)/decrease in exchange rates                                       | (3,641)        | (2,242)         | (2,375)                   | (4,247)        | (1,343)                        | (889)           | (1,179)                       | (231)          |
| (Increase)/decrease in payable for purchase of financial assets/liabilities | -              | 27              | (8,166)                   | 198            | 895                            | (1,096)         | -                             | -              |
| (Increase)/decrease in dividends and tax refund receivable                  | (360)          | (758)           | 85                        | 1,394          | (57)                           | (33)            | 53                            | (6)            |
| (Increase)/decrease in interest receivable                                  | -              | (25)            | (5)                       | (26)           | (6)                            | (4)             | 7                             | (12)           |
| (Increase)/decrease in other receivables                                    | 10             | (12)            | (1,393)                   | (116)          | (17)                           | 2               | (6)                           | -              |
| Increase/(decrease) in proceeds on sale of financial assets                 | 2,055          | (1,276)         | 52                        | (1,896)        | 6,301                          | 468             | -                             | -              |
| Increase/(decrease) in management, performance payable                      | (86)           | 98              | (268)                     | (155)          | 31                             | 6               | (10)                          | 8              |
| Increase/(decrease) in interest and swap payables                           | 467            | 1               | (6)                       | 7              | (3)                            | (5)             | (1)                           | -              |
| <b>Net Cash Flows from operating activities</b>                             | <b>68,556</b>  | <b>(60,779)</b> | <b>100,535</b>            | <b>185,314</b> | <b>(17,911)</b>                | <b>(10,625)</b> | <b>8,598</b>                  | <b>(8,731)</b> |

**Notes to the Financial Statements**  
**For the year ended 30 June 2019**

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

**(d) Adjustments made to prior year amounts relating to “purchase of financial assets” and “proceeds from the sale of financial assets”**

|  | <b>International<br/>Fund<br/>2018<br/>\$'000</b> | <b>Unhedged<br/>Fund<br/>2018<br/>\$'000</b> | <b>Asia Fund<br/>2018<br/>\$'000</b> | <b>European<br/>Fund<br/>2018<br/>\$'000</b> | <b>Japan Fund<br/>2018<br/>\$'000</b> | <b>International<br/>Brands Fund<br/>2018<br/>\$'000</b> | <b>International<br/>Health Fund<br/>2018<br/>\$'000</b> | <b>International<br/>Technology<br/>Fund<br/>2018<br/>\$'000</b> |
|--|---|--|--------------------------------------|--|---------------------------------------|--|--|--|
| Purchase of financial assets               | 194,015   | (13,988)                                     | (165,024)                            | (252,363)                                    | (41,627)                              | 6,517  | (148,892)  | (146,522)  |
| Proceeds from the sale of financial assets | (194,015)   | 13,988                                       | 165,024                              | 252,363                                      | 41,627                                | (6,517)  | 148,892  | 146,522  |
| <b>Net impact</b>                          | -   | -  | -                                    | -  | -                                     | -  | -  | -  |

**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 2019 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 2019 and 30 June 2018.

**Directors' Declaration  
For the year ended 30 June 2019**

In the opinion of the directors of the responsible entity:

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')

- (a) the financial statements and notes set out on pages 8 to 69 are in accordance with the *Corporations Regulations 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 registered schemes' financial position as at 30 June 2019 and of its performance for the financial year ended on that date,
- (b) there are reasonable grounds to believe that the registered schemes will be able to pay its 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  
12 September 2019



## *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

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### *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 Scheme) 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 June 2019 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 June 2019
- 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 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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**PricewaterhouseCoopers, ABN 52 780 433 757**

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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 accordingly we do not express any form of assurance conclusion thereon.

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

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

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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 Schemes 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 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 intends to liquidate the Registered Schemes 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/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.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, 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 2019 included on 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's web site. The directors of the Responsible Entity of the Registered Schemes are responsible for the integrity 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'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 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  
12 September 2019