

## Facts

Portfolio value	\$10.83 bn
Fund commenced	30 April 1995
Minimum investment	A\$20,000 or NZ\$25,000
Regular Investment Plan (min.)	A\$200 or NZ\$250 per mth/qtr
Income distribution date	Annual, 30 June
Unit valuation	Sydney Business Day
Unit prices	App - 2.0328    Red - 2.0226

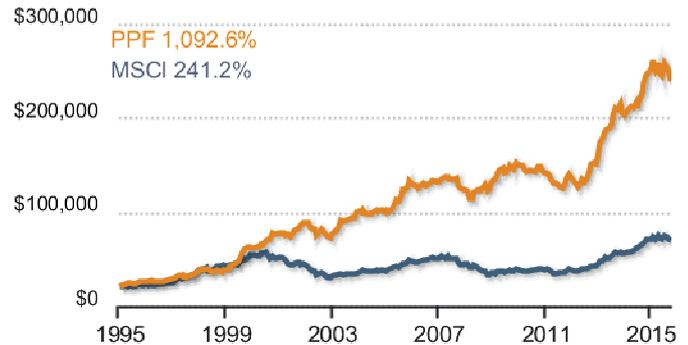
## Performance<sup>1</sup>

	FUND %	MSCI %
1 month	(4.13)	(3.35)
3 months	(7.31)	(7.70)
6 months	(7.25)	(8.02)
Calendar year to date	(4.13)	(3.35)
1 year	0.31	2.61
2 years (compound pa)	6.81	10.81
3 years (compound pa)	16.77	18.28
5 years (compound pa)	10.06	11.87
7 years (compound pa)	9.19	9.46
10 years (compound pa)	6.83	4.30
Since inception (compound pa)	12.68	6.09

## Fees

Entry fee	Nil
Exit fee	Nil
Management Expense Ratio/ Indirect Cost Ratio (MER/ICR)	1.54% per annum (inclusive of investment & administration costs)
Brokerage paid	Nil
Buy/sell spread	0.5% total

## Performance graph<sup>2</sup>



Source: Factset and Platinum

## Invested positions<sup>3</sup>

	LONG %	NET %	CURRENCY %
Australia	0.6	0.6	10.3
Austria	0.5	0.5	
Brazil	0.1	0.1	0.1
Canada	0.6	0.6	1.6
China	5.8	5.8	(6.9)
China Ex PRC	12.1	12.1	
Hong Kong	0.9	0.9	9.1
France	3.6	3.6	
Germany	2.6	2.6	
Hungary	0.2	0.2	0.2
India	5.4	5.4	5.6
Italy	3.9	3.9	
Japan	9.5	9.5	10.7
Korea	5.0	5.0	2.6
Malaysia	0.7	0.7	0.7
Norway	0.6	0.6	3.6
Russia	1.1	1.1	
Singapore	0.2	0.2	0.1
Sweden	2.2	1.9	2.2
Switzerland	1.1	1.1	1.1
Thailand	0.3	0.3	0.3
United Kingdom	6.2	6.2	4.0
United States	21.3	14.0	50.8
	84.3	76.6	
China Renminbi Off Shore			(3.7)
Euro Currency			7.5
Cash	15.7	23.4	
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Long - 141 stocks, 4 swaps, 1 bond    Short - 2 stocks, 2 indices

## Top ten positions<sup>4</sup>

STOCK	COUNTRY	INDUSTRY	%
Alphabet Inc	USA	Info Technology	2.8
Samsung Electronics Co Ltd	Korea	Info Technology	2.8
AstraZeneca PLC	UK	Health Care	2.5
Tencent Holdings Ltd	China Ex PRC	Info Technology	2.4
China Pacific A Share PN exp	China	Financials	2.4
Ericsson LM-B	Sweden	Info Technology	2.2
Carnival Corp	UK	Cons Discretionary	2.2
PLCC Property & Casualty Co	China Ex PRC	Financials	2.1
Paypal Holdings Inc	USA	Info Technology	2.0
Intesa Sanpaolo SpA	Italy	Financials	2.0

## Industry breakdown<sup>3</sup>

SECTOR	LONG %	NET %
Info Technology	24.7	24.7
Financials	14.1	14.1
Cons Discretionary	12.4	12.4
Health Care	8.6	8.2
Industrials	7.1	6.8
Consumer Staples	5.3	5.3
Energy	3.7	3.7
Telecom Services	3.1	3.1
Utilities	2.8	2.8
Materials	2.6	2.6
Other*	0.0	(6.9)

\* Includes index short positions

1. Investment returns are calculated using the Fund's unit price and represent the combined income and capital return for the specified period. They are net of fees and costs (excluding the buy-sell spread and any investment performance fee payable), pre-tax, and assume the reinvestment of distributions. The investment returns shown are historical and no warranty can be given for future performance. You should be aware that historical performance is not a reliable indicator of future performance. Due to the volatility of underlying assets of the Fund and other risk factors associated with investing, investment returns can be negative (particularly in the short-term).

2. The investment returns depicted in this graph are cumulative on A\$20,000 invested in the Fund since inception relative to the MSCI All Country World Net Index in A\$ (nb. the gross MSCI Index was used prior to 31 December 1998 as the net MSCI Index did not exist). The investment returns are calculated using the Fund's unit price. They are net of fees and costs (excluding the buy-sell spread and any investment performance fee payable), pre-tax and assume the reinvestment of distributions. It should be noted that Platinum does not invest by reference to the weightings of the Index. Underlying assets are chosen through Platinum's individual stock selection process and as a result holdings will vary considerably to the make-up of the Index. The Index is provided as a reference only.

3. The Long% represents the exposure to physical holdings, corporate fixed income securities and long stock derivatives. The "Net %" represents the exposure of physical holdings and both long and short derivatives. The "Currency %" represents the currency exposure for the Fund's Portfolio, taking into account currency hedging.

4. Top Ten positions shows the Fund's top long share exposure positions. Long derivative exposures are included, however, short derivative exposures are not.

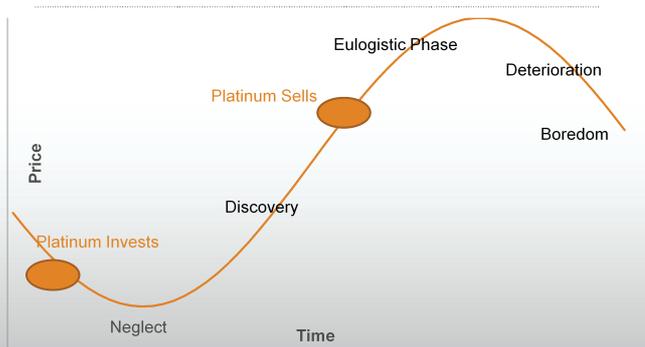
Platinum Investment Management Limited ABN 25 063 565 006 AFSL 221935, trading as Platinum Asset Management ("Platinum") is the responsible entity and issuer of units in the Platinum International Fund (the "Fund"). The Platinum Trust Product Disclosure Statement No. 10 ("PDS") provides details about the Fund. You can obtain a copy of the PDS from Platinum's website [www.platinum.com.au](http://www.platinum.com.au), or by contacting Investor Services on 1300 726 700 (Australian investors only), 0800 700 726 (New Zealand investors only), or 02 9255 7500, or via [invest@platinum.com.au](mailto:invest@platinum.com.au).

Before making any investment decision you need to consider (with your financial adviser) your particular investment needs, objectives and financial circumstances. You should refer to the PDS when deciding to acquire, or continue to hold, units in the Fund.

DISCLAIMERS: Some numerical figures in this Fact Sheet have been subject to rounding adjustments. The information presented in this Fact Sheet is not intended to be advice. It has not been prepared taking into account any particular investor's or class of investor's investment objectives, financial situation or needs, and should not be used as the basis for making investment, financial or other decisions. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. Platinum does not guarantee the repayment of capital, payment of income or the Fund's performance. Platinum is a member of the Platinum Group of companies.

# Platinum International Fund

## Platinum's approach



Source: Platinum



## World View

- Slow growth, (but incomes rising)
- Oversupply of Commodities (ex Oil)
- Weak "Things" v Services
- Low inflation -> cheap money to continue
- Ecommerce driven substitution
- FX moves to impact competitiveness
- FAVOUR Innovators and New Cyclical over Capacity Threats

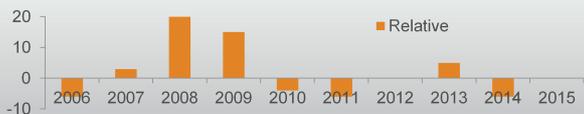


## PIF : 10 years : 2006-2015

2006-2011 Average Net Exposure : 63%

2012-2015 Average Net Exposure : 78%

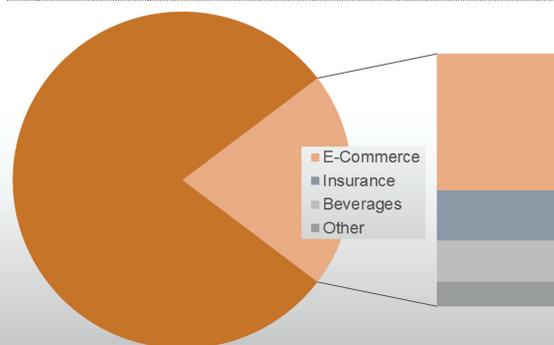
	PIF	Market	Relative
2006	7	13	-6
2007	3	0	3
2008	-7	-27	20
2009	20	4	15
2010	-5	-1	-4
2011	-12	-7	-6
6yr Average	0	-4	4
2012	14	15	0
2013	47	43	4
2014	8	14	-6
2015	10	10	0
4yr Average	19*	20*	-1
10yr Average	7.3	4.8	2.5



Source: Platinum, MSCI, \*Best since 2002 \*\*Best since 2000



## PIF's Average China Exposure 2015



Source: Platinum



## Market update and Commentary

Reducing exposure to equity markets around six months ago was prudent but not enough to protect the portfolio against the recent down-draft. January 2016, like August 2015, was a difficult month and the dramatic fall-off in one-year returns from markets (and the Fund) since October makes confronting reading, as late-2014's strength was replaced by the recent sell-off. It is also, however, a reminder after a prolonged and relatively stable up-market, that equity markets are not a one-way ride. The headlines blame China, oil and perhaps the Fed's tighter monetary policy. While oil fell further than even the most fanciful of forecasts, it is for now a boost to consumers (and we expect an area of investment opportunity). News on US monetary policy and China's challenges were not new though may have been given more weight in decision-making.

The performance over the last six months has been disappointing. The ten year context for performance is above, split into the low return period 2006-2011 and more recent strength in 2012-2015. However, as we encountered in the Asian crisis (1997) and European sovereign crisis (2011) it seems to be been a case of cheap stocks, and markets, getting cheaper. Today with emerging markets and commodities in the firing line, recent moves are the result of broader acceptance of problems we have long been aware of. We have not positioned ourselves for global Armageddon, but as per our approach, we have progressively built positions in unloved companies with prospects that we think are under-appreciated; many of these are in Asia. As risk aversion increased, money remains attracted to predictability and momentum which makes it temporarily hard for our investment approach.

We respect markets and constantly revisit our hypotheses, even more so when returns are negative. Our large exposure (c. 17%) to stocks exposed to the Chinese consumer is a case in point. China's transition from an investment driven economy means it is slowing but we think the challenges get too much weight. Risks of policy mistakes do exist, but on the other hand, the Chinese are in a position to stimulate the economy and loosen monetary policy to an extent that most Western governments and central banks no longer can. When we look at what we hold – primarily e-commerce, insurance and beverages (see chart above) - we remain convinced, that we are exposed to growth at very attractive absolute and relative values. Most people agree with our hypothesis on the emerging/Chinese consumer yet few are willing to invest in the idea directly. We hold a short on the currency as we think it should be allowed to weaken; until it does those who don't employ currency management may remain on the sidelines.

Today, the portfolios weighted median stock is on a P/E of 14x, less than Australia's 15x or the US on 16x, and with our shorts and cash, effectively we have one-quarter of the Fund on the sidelines. Our inclination is to use the heightened fear in markets to add to positions in companies we already own, and know well, where businesses are tracking our roadmaps, yet where investors are not keen to jump in, yet. Our currency positioning after a successful run in the US dollar, is more neutral with the Yuan short into US dollars, the only major position for now.