

Facts

Portfolio value	\$10.86 bn
Fund commenced	30 April 1995
Minimum investment	A\$20,000 or NZ\$20,000
Regular Investment Plan (min.)	A\$200 or NZ\$200 per mth/qtr
Income distribution date	Annual, 30 June
Unit valuation	Sydney Business Day
Unit prices	App - 2.0412 Red - 2.0310

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

Performance¹

	FUND %	MSCI %
1 month	1.56	2.29
3 months	0.41	0.33
6 months	(6.93)	(7.39)
Calendar year to date	(3.73)	(3.02)
1 year	(4.83)	(2.50)
2 years (compound pa)	9.02	10.93
3 years (compound pa)	15.37	16.40
5 years (compound pa)	11.20	12.51
7 years (compound pa)	9.03	10.40
10 years (compound pa)	6.25	3.83
Since inception (compound pa)	12.55	6.03

Performance graph²

Invested positions³

	LONG %	NET %	CURRENCY %
Australia	0.8	0.8	14.6
Austria	0.5	0.5	
Brazil	0.1	0.1	0.1
Canada	0.7	0.7	1.6
China	5.6	5.6	(1.3)
China Ex PRC	13.1	13.1	
Hong Kong	0.8	0.8	10.5
France	4.2	4.2	
Germany	2.7	2.7	
Hungary	0.2	0.2	0.2
India	5.2	5.2	5.4
Italy	4.6	4.6	
Japan	11.1	11.1	9.0
Korea	4.8	4.8	2.4
Malaysia	0.7	0.7	0.7
Norway	0.8	0.8	3.7
Russia	1.2	1.2	
Singapore	0.2	0.2	0.1
Sweden	1.8	1.6	2.0
Switzerland	1.1	1.1	1.1
Thailand	0.3	0.3	0.3
United Kingdom	5.5	5.5	3.7
United States	20.8	9.7	36.6
	86.8	75.5	
China Renminbi Off Shore			(4.5)
Euro Currency			13.9
Cash & Accruals	13.2	24.5	
Total	100.0	100.0	100.0

Long - 133 stocks, 4 swaps, 1 bond Short - 3 stocks, 2 indices

Top ten positions⁴

STOCK	COUNTRY	INDUSTRY	%
Samsung Electronics Co Ltd	Korea	Info Technology	2.9
Alphabet Inc	USA	Info Technology	2.5
Tencent Holdings Ltd	China Ex PRC	Info Technology	2.5
China Pacific A Share PN exp	China	Financials	2.4
PICC Property & Casualty Co	China Ex PRC	Financials	2.3
Intesa Sanpaolo SpA	Italy	Financials	2.2
AstraZeneca PLC	UK	Health Care	2.1
Paypal Holdings Inc	USA	Info Technology	2.1
Cisco Systems Inc	USA	Info Technology	1.9
Carnival Corp	UK	Cons Discretionary	1.9

Industry breakdown³

SECTOR	LONG %	NET %
Info Technology	22.6	22.6
Financials	15.3	15.3
Cons Discretionary	12.2	11.2
Health Care	9.2	9.2
Industrials	6.1	5.8
Consumer Staples	5.7	5.7
Energy	5.4	5.4
Materials	4.6	4.6
Telecom Services	3.1	3.1
Utilities	2.6	2.6
Other*	0.0	(10.0)

* Includes index short positions

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, 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.

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No company and the directors in the Platinum Group@ guarantee the performance of the Fund, the repayment of capital, or the payment of income. To the extent permitted by law, no liability is accepted by any company of the Platinum Group and their directors for any loss or damage as a result of any reliance on this information.

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\$ ("Index") (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 International Fund

Platinum's approach



Source: Platinum



Current US valuations predict low future returns



Source: Yale University (Robert Shiller)



Key Chinese Consumer-facing holdings



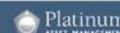
Source: Company Websites, South China Morning Post, Bloomberg, avj.com



Platinum's current portfolio: key themes



Source: Platinum



Market update and Commentary

Markets are less fearful than they were only a few weeks ago, but the system distortions remain. Central banks may be losing their potency and this has been reflected by moves in the currency markets, particularly in respect of the Yen and Euro, reversing previous trends. US company's earnings are uninspiring, suggesting profit growth is getting harder to come by, but on the flip side, Chinese data has stabilised, and any surprises are positive. Recent surging iron ore prices appear to have been driven by speculation in Chinese futures markets around infrastructure and only offer temporary respite given the poor longer term fundamentals in the steel industry.

While losing money at the start of the year was disappointing, our recent positioning has been consistent with previous corrections; Europe-led in 2011 and Asia' episode of 1997, rather than believing in Armageddon. Beyond risk management, shorting can be used to target excessive valuation or broken business models, but these were not particularly evident in 2015, as per 2000-2003, or 2007-2008. Reducing exposure into the downdraft of July and August would best be described as prudent rather than alarmist, and since the August lows our general tendency has been to add exposure, generally to higher quality businesses that have been overlooked. We have nibbled at the Oil sector, which looks the most prospective commodity for now.

Kerr Neilson examined the portfolio's attractive characteristics in great detail in the recently published March 2016 quarterly report. Most interactions with investors over recent periods have focused on the vastly different position we are taking to our peers at this juncture. As the chart above (top-right) shows, the US market, which dominates most professional portfolios is expensive, and offers low return prospects if history is a guide. We still find a good spread of companies around the world (see bottom-right chart), including US technology leaders, European domestic banks and pharmaceuticals, Japanese self-improvement stories, Indian infrastructure, and a large exposure (19%) to a narrow group of high quality, consumer facing Chinese businesses, some of which we highlight above (bottom-left).

The returns, close to the World Index over varying periods do not suggest that the portfolio resembles the World Index in any way. Against us has been 'under-exposure' to generally strong markets, with the US market over-represented in the World Index (at over 50%), leading the way. Solid stock-picking has generally offset this, which we believe is fading. In the most recent year, we made a 2% positive contribution to returns from a flat US market, offsetting our large exposure to attractive investments in Asia and Europe. Despite the ructions, China has only had a marginal negative impact on the Fund while its broader market has been decimated.

Today the long stock portfolio is on a weighted median forward PE of 14X, with shorts and cash to smooth the ride. This compares favourably with the structurally challenged Australian market on 17X and the US where profit growth is becoming increasingly scarce, also on 17X. Our currency positioning has been more neutral since late 2015 except for hedging out our Chinese currency exposure, with a risk of devaluation worthy of avoiding. The recent strength in the Australian dollar is likely to be a temporary recovery from oversold levels and we expect another chance to put our cash back overseas before it finds its cycle low.