

## Facts

Portfolio value	\$10.15 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 - 2.0313    Red - 2.0211

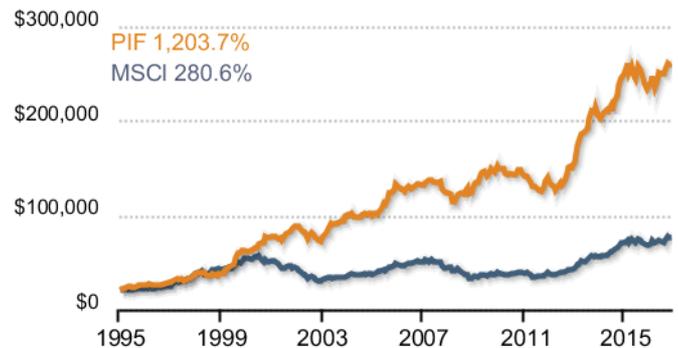
## Performance<sup>1</sup>

	FUND %	MSCI %
1 month	0.91	1.50
3 months	3.08	3.68
6 months	4.12	5.11
Calendar year to date	0.16	(0.53)
1 year	11.52	13.41
2 years (compound pa)	2.98	4.39
3 years (compound pa)	6.87	10.24
5 years (compound pa)	14.14	15.88
7 years (compound pa)	8.75	10.98
10 years (compound pa)	7.01	4.34
Since inception (compound pa)	12.48	6.31

## 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	0.25%/0.25%

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



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

	LONG %	NET %	CURRENCY %
Australia	1.2	1.2	18.8
Austria	0.8	0.8	
Canada	0.6	0.6	0.5
China	4.9	4.9	(2.4)
China Ex PRC	14.5	14.5	
Hong Kong	0.2	0.2	10.4
Denmark	0.3	0.3	0.3
France	4.9	4.9	
Germany	3.8	3.8	
Hungary	0.2	0.2	0.2
India	6.4	6.4	6.7
Italy	4.4	4.4	
Japan	13.1	13.1	4.0
Korea	7.6	7.6	7.7
Malaysia	0.7	0.7	0.7
Norway	1.0	1.0	6.4
Russia	0.7	0.7	
Singapore	0.3	0.3	
Sweden	1.6	1.6	1.6
Switzerland	0.5	0.5	0.5
Thailand	1.2	1.2	1.2
United Kingdom	3.8	3.8	4.7
United States	19.8	11.8	33.1
	92.4	84.4	
China Renminbi Off Shore			(5.9)
Euro Currency			11.5
Cash	7.6	15.6	
Total	100.0	100.0	100.0

Long - 127 stocks, 4 swaps, 1 bond    Short - 4 stocks, 1 option, 3 indices

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

STOCK	COUNTRY	INDUSTRY	%
Samsung Electronics Co Ltd	Korea	Info Technology	3.5
Alphabet Inc	USA	Info Technology	3.1
Tencent Holdings Ltd	China Ex PRC	Info Technology	2.5
Sanofi SA	France	Health Care	2.1
KB Financial Grp	Korea	Financials	2.1
PICC Property & Casualty Co	China Ex PRC	Financials	2.1
AstraZeneca PLC	UK	Health Care	2.1
Lixil Group Corporation	Japan	Industrials	2.0
Cisco Systems Inc	USA	Info Technology	2.0
Ping An A Share Pnote Exp	China	Consumer Staples	2.0

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

SECTOR	LONG %	NET %
Info Technology	24.8	24.8
Financials	17.5	17.5
Cons Discretionary	14.0	13.5
Health Care	8.7	8.7
Industrials	6.5	6.5
Energy	6.5	6.5
Materials	5.7	5.7
Consumer Staples	4.8	3.5
Utilities	3.1	3.1
Telecom Services	0.5	0.5
Real Estate	0.3	0.3
Other*	0.0	(6.1)

\* 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 and Supplementary PDS dated 27 February 2017 ("together 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), or 0800 700 726 (New Zealand investors only), or 02 9255 7500, or via [invest@platinum.com.au](mailto:invest@platinum.com.au).

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The market commentary reflects Platinum's views and beliefs at the time of preparation, which are subject to change without notice. No representations or warranties are made by Platinum as to their accuracy or reliability.

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. Investment returns are calculated 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 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). Source: Platinum for fund returns and RIMES Technologies for MSCI returns.

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. Source: Platinum for fund returns and RIMES Technologies for MSCI returns.

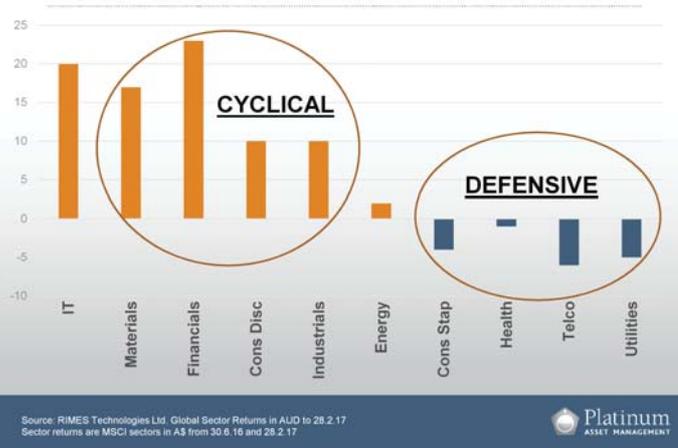
3. The Long% represents the exposure to physical holdings, corporate fixed income securities and long stock derivatives as a % of NAV. The "Net %" represents the exposure of physical holdings and both long and short derivatives. The "Currency %" represents the currency exposure for the Fund as a % of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

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

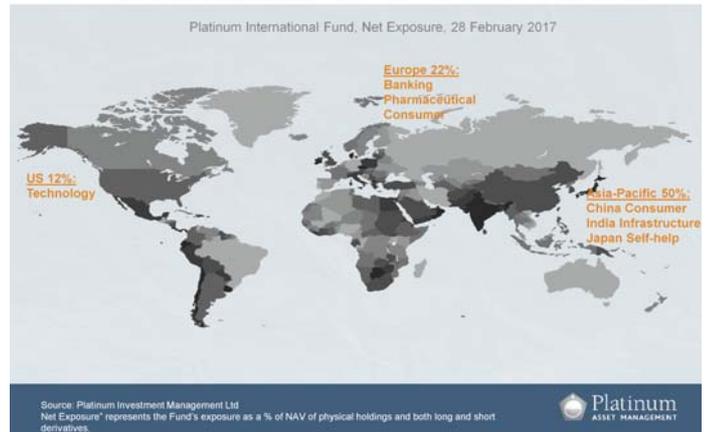
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# Platinum International Fund

## Sector Rotation since June



## Platinum's current portfolio: key themes



## US: Valuations: Not a Good Entry Point!



## Indices Don't Reflect World, or even Markets



## Market update and commentary

Investors may not have felt like they received a double-digit return over the last 12 months. Indeed since 30 June, the Fund has returned 11% with only 80% exposure to a market that is up by 9%.

2016 was a year of dramatic change encapsulated by Brexit and Trump, but in markets, the significant change was what increasingly looks like the end of the 36-year bull market in bonds. This also appears to have been the peak in the hunt for bond-like equities which we had chosen to avoid.

What is being missed in all the analysis of Trump's policies, is the simple fact that global growth is accelerating. The US is the latest in its cycle with wage growth and tightening monetary policies, perhaps offset by some tax cuts; Europe is seeing a traditional cycle and growing well, re-balanced from pre-crisis and creating jobs; China is a year into its upswing and building momentum in its economy.

In terms of opportunity when we look around the world, the key themes include US tech, European banking, Chinese consumer, Indian infrastructure and Japanese self-help.

The risks we are cognisant of, and are managing, are over-valuation in the US (hence the shorts), devaluation of the Chinese currency if outflows persist (managed via short), and a rising Australian dollar (as Terms of Trade improvements have not yet flowed through to the local unit).

Equity market drivers have changed; geography has not had much impact over recent months, rather it has been the type of companies one has owned. The chart above defines four cyclical sectors, with a simple average return of 15% since 30 June, and four safe havens which have lost 4% each on average. The crowding into safety was most intense as paradoxically safe became risky.

Today, the risk for most investors after one of the longest US bull markets in history is the passive bandwagon, effectively arguing that there is no value in stock-picking. We dispute this assertion. The trend to passive is self-reinforcing as it allocates more money to stocks that have already gone up i.e. it is a momentum strategy. Crowded momentum strategies inevitably end badly.

The table shows that the returns of the Fund since the markets shifted in June, could not be replicated passively. The column "ETF outcome" looks at the return an ETF for the region would have achieved had we bought that instead of the stocks we own, in the same proportions we have in each region.

^"ETF Outcome%" = Net Exposure% X Index Return%

The index returns relate to MSCI AC Asia ex Japan, MSCI AC Europe, MSCI USA, MSCI Japan. Cash is RBA Cash Rate.

ETF is assumed to achieve index return.

"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."

Region	(Net) Exposure	Index Return	"ETF Outcome" <sup>A</sup>	Fund Contribution
Asia-Pacific	34	10	3.4	5.4
Europe	22	5	1.1	1.9
Japan	13	10	1.3	2.3
US	11	10	1.1	1.7
Cash/ FX	20	1.5 (RBA)	0.3	0.9
Net Return			7.2	11.0