

Platinum International Health Care Fund



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Portfolio Manager

Disposition of Assets

REGION	30 JUN 2017	31 MAR 2017	30 JUN 2016
Europe	36%	39%	42%
North America	33%	35%	32%
Australia	6%	5%	1%
Japan	4%	5%	3%
Asia and Other	0%	1%	0%
Cash	21%	15%	22%
Shorts	-1%	0%	<1%

Source: Platinum. Refer to note 3, page 3.

Top 10 Holdings

STOCK	COUNTRY	INDUSTRY	WEIGHT
Sanofi SA	France	Pharmaceuticals	3.6%
Roche Holding AG	Switzerland	Pharmaceuticals	3.3%
AstraZeneca Plc	UK	Health Equip & Services	3.1%
MorphoSys AG	Germany	Biotechnology	3.0%
Johnson & Johnson	USA	Pharmaceuticals	3.0%
Foundation Medicine	USA	Health Care Providers	2.5%
Prothena Corp	USA	Biotechnology	2.5%
Gilead Sciences Inc	USA	Biotechnology	2.4%
Qiagen NV	Germany	Health Equip & Services	2.4%
H Lundbeck A/S	Denmark	Pharmaceuticals	2.2%

As at 30 June 2017. Source: Platinum. Refer to note 4, page 3.

For further details of the Fund's invested positions, including country and industry breakdowns as well as currency exposures, updated monthly, please visit <https://www.platinum.com.au/fund-updates/#MonthlyUpdatesForThePlatinumTrustFunds>.

Performance

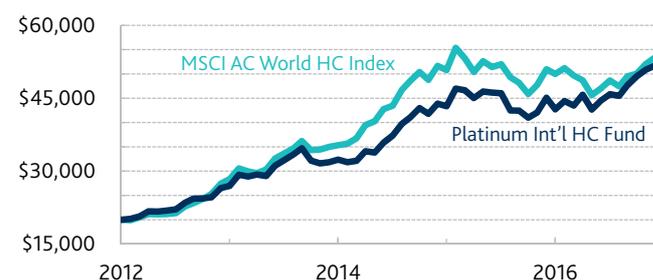
(compound pa, to 30 June 2017)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l HC Fund	2%	18%	16%	20%	9%
MSCI AC World HC Index	6%	6%	15%	22%	9%

Source: Platinum and MSCI Inc. Refer to note 1, page 3.

Value of \$20,000 Invested Over Five Years

30 June 2012 to 30 June 2017



Source: Platinum and MSCI Inc. Refer to note 2, page 3.

Performance

Interest in small US biotechs was muted this quarter, with limited news of acquisitions. A number of our holdings had little news to report, hence share prices drifted lower.

Medical meetings this quarter were plentiful, though the emphasis seemed to have been around the increased complexity of drug development, all adding to the sentiment that medtech provides a better hiding place.

On the flip side, our European holdings contributed strongly to performance over the last three months, along with significant currency contribution. Performance over the past year was very balanced with both US and European holdings doing well, while currency moves were negligible.

Changes to the Portfolio

A major disappointment during the quarter was to miss out on the listing of a Swiss heart valve company. At the eleventh hour, US medtech company Boston Scientific stepped in and acquired the Swiss company. Private companies have indeed been very successful in gathering funds, allowing them to remain private for longer. As such, we are paying close attention to that segment of the market and have added a private diagnostic company to the portfolio.

Diagnostic, and in particular precision medicine, remains an important theme for the Fund. Profiling the mutational make-up of a cancer as well as assessing the tumour environment are crucial in developing new oncology drugs. Gaining such molecular insights requires strong analytics and clever, adaptive trial design which are part of precision medicine. We are rapidly moving away from defining a tumour by where it resides in the body.

This quarter the US Food and Drug Administration (FDA) approved Keytruda (Merck's PD-1 antibody) for tumours with a particular genetic defect (mutations causing mismatch repair deficiencies) regardless of the location of the tumour. This move towards site-agnostic tumour diagnosis has been part of the thesis underpinning our investments in Foundation Medicine and Qiagen, two companies that focus on molecular profiling. Both companies have significantly added to performance with Foundation Medicine up 23% for the quarter and 113% for the year and Qiagen up 14% for the quarter and 54% for the year.

European biotechs are making good progress. MorphoSys (up 20% for the quarter, 71% for the year), a German antibody company, is getting closer to obtaining approval for its anti-inflammatory antibody guselkumab. MorphoSys's partner, Johnson and Johnson, has shown strong commitment to the product, funding several ongoing

expansion studies which are all pointing to a nice future royalty stream for MorphoSys. In addition, the biotech is also progressing its own pipeline.

French biotech Ipsen and Danish company Lundbeck both have undergone significant changes. At the core of their transformation was a focus on key franchises along with the launch of new products. Ipsen in particular has been a very strong performer for the year (up 123%) and during the quarter we have trimmed our position to take some profit.

British respiratory biotech, Vectura, received disappointing feedback from the FDA (share price down 24% for the quarter). Approval for its generic version of Advair Diskus was delayed in the US and thus royalty income from its marketing partner will be postponed.

Teva Pharmaceutical Industries has been one of our worst investments over the year and we have now exited our position. Generics in the US are a challenge for the company and the changing dynamics in the multiple sclerosis market may add further pressure.

Outlook

Outlook for the biotech sector remains exciting, despite the market showing a lack of enthusiasm for the moment. Companies continue to accumulate cash on their balance sheets and we will see increased corporate activity which in turn will regain investor attention.

Notes

- The investment returns are calculated using the relevant 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), are pre-tax, and assume the reinvestment of distributions. The investment returns shown are historical and no warranty can be given for future performance. Historical performance is not a reliable indicator of future performance. Due to the volatility in the Funds' underlying assets and other risk factors associated with investing, investment returns can be negative, particularly in the short-term.

The Funds' inception dates are as follows:

- Platinum International Fund: 30 April 1995
- Platinum Unhedged Fund: 31 January 2005
- Platinum Asia Fund: 4 March 2003
- Platinum European Fund: 30 June 1998
- Platinum Japan Fund: 30 June 1998
- Platinum International Brands Fund: 18 May 2000
- Platinum International Health Care Fund: 10 November 2003
- Platinum International Technology Fund: 18 May 2000

(NB: The gross MSCI Index was used prior to 31 December 1998 as the net MSCI Index did not exist then.)

- The investment returns depicted in this graph are cumulative on A\$20,000 invested in the relevant Fund over the specified five year period relative to the relevant benchmark index as follows (the "Index"):
 - Platinum International Fund – MSCI All Country World Net Index (\$A)
 - Platinum Unhedged Fund – MSCI All Country World Net Index (\$A)
 - Platinum Asia Fund – MSCI All Country Asia ex Japan Net Index (\$A)
 - Platinum European Fund – MSCI All Country Europe Net Index (\$A)
 - Platinum Japan Fund – MSCI Japan Net Index (\$A)
 - Platinum International Brands Fund – MSCI All Country World Net Index (\$A)
 - Platinum International Health Care Fund – MSCI All Country World Health Care Net Index (\$A)
 - Platinum International Technology Fund – MSCI All Country World Information Technology Net Index (\$A)

(NB: The gross MSCI Index was used prior to 31 December 1998 as the net MSCI Index did not exist then.)

The investment returns are calculated using the relevant 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), are pre-tax, and assume the reinvestment of distributions. Platinum does not invest by reference to the weighting of the Index. Underlying assets are chosen through Platinum's individual stock selection process and, as a result, the Fund's holdings may vary considerably to the make-up of the Index. The Index is provided as a reference only.

- Geographic exposures (i.e. the positions listed other than "cash" and "shorts") represent any and all of the Fund's exposure to company securities and long derivatives (stock and index) as a percentage of the Fund's net asset value (before annual cash distribution).
- The table shows the Fund's top ten long stock positions (including any company securities and long derivatives) as a percentage of the Fund's net asset value (before annual cash distribution).

- Sector breakdown represents the Fund's net exposure to any and all company securities and both long and short derivatives (stock and index) as a percentage of the Fund's net asset value (before annual cash distribution).
- The table shows the Fund's net currency exposures as a percentage of the Fund's net asset value (before annual cash distribution), taking into account any currency hedging.

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