

## Facts

Portfolio value	\$11.32 bn
Fund commenced	30 April 1995
Minimum investment	A\$10,000 or NZ\$10,000
Regular Investment Plan	A/NZ\$5000 plus A/NZ\$200 mth/qrt
Income distribution date	Annual, 30 June
Unit valuation	Sydney Business Day
Unit prices C Class	App – 2.3037 Red – 2.2922
Unit prices P Class	App – 1.1173 Red – 1.1117

## Performance<sup>1</sup>

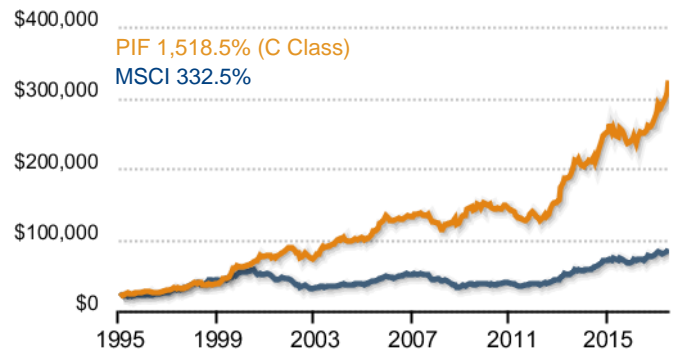
	P Class %	C Class %	MSCI %
1 month	5.93	6.33	4.46
3 months	11.11	12.31	8.75
6 months		16.07	7.52
Calendar year to date		24.35	13.03
1 year		29.92	22.27
2 years (compound pa)		12.15	8.15
3 years (compound pa)		15.55	12.94
5 years (compound pa)		19.74	17.70
7 years (compound pa)		12.26	12.82
10 years (compound pa)		9.29	5.68
Since inception (compound pa)*	11.45	13.17	6.72

## Fees

Entry fee	Nil	
Buy/sell spread	0.25%/0.25%	
Fee:	C Class	Investment Management 1.35% p.a.
		Investment Performance N/A
	P Class	Investment Management 1.10% p.a.
		Investment Performance 15.00% p.a.*

\*of the amount by which the Fund's return exceeds its index return

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



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

	LONG %	NET %	CURRENCY %
Australia	0.4	0.4	1.8
Austria	1.0	1.0	
Brazil	0.5	0.5	0.5
Canada	0.5	0.5	0.5
China	5.6	5.6	7.2
China Ex PRC	17.7	17.7	
Hong Kong	0.1	0.1	12.6
Taiwan	0.4	0.4	0.4
Denmark	0.8	0.8	0.8
France	3.1	3.1	
Germany	3.7	3.7	
Hungary	0.2	0.2	0.2
India	6.0	6.0	6.2
Italy	1.4	1.4	
Japan	13.3	13.3	9.5
Korea	8.3	8.3	8.3
Malaysia	0.6	0.6	0.6
Norway	0.9	0.9	3.4
Russia	1.1	1.1	
Sweden	0.1	0.1	0.2
Switzerland	2.9	2.9	0.8
Thailand	0.3	0.3	0.3
United Kingdom	6.3	6.3	5.3
United States	15.6	4.7	26.7
	90.8	79.8	
Euro Currency			14.9
Cash	9.2	20.2	
Total	100.0	100.0	100.0

Long - 130 stocks, 2 swaps    Short - 10 stocks, 2 indices

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

STOCK	COUNTRY	INDUSTRY	%
Samsung Electronics Co Ltd	Korea	Info Technology	3.4
Alphabet Inc	USA	Info Technology	2.9
Ping An	China	Financials	2.9
Lixil Group Corporation	Japan	Industrials	2.4
Inpex Corporation Ltd	Japan	Energy	2.4
PICC Property & Casualty Co	China Ex PRC	Financials	2.3
Glencore plc	Switzerland	Materials	2.1
China Pacific	China	Financials	2.1
Technip FMC	UK	Energy	1.9
Sanofi SA	France	Health Care	1.9

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

SECTOR	LONG %	NET %
Info Technology	22.2	22.2
Financials	16.4	16.4
Cons Discretionary	12.0	11.3
Energy	9.4	9.4
Materials	8.0	8.0
Health Care	7.4	7.4
Industrials	7.0	7.0
Consumer Staples	4.0	0.1
Utilities	2.2	2.2
Real Estate	1.7	1.7
Telecom Services	0.6	0.6
Other*	0.0	(6.4)

\* 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. 11 dated 3 July 2017 ("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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1. Investment returns are calculated using the Fund's NAV unit price (i.e. exclude a buy/sell spread) for C Class and P Class, and represent the combined income and capital returns for each of these unit classes in the specified period. All returns are pre-tax, net of fees and costs and assume the reinvestment of distributions. Returns for P Class are net of any accrued investment performance fee. 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. \*The since inception figure for P Class is from 3 July 2017.

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 NAV unit price (C Class). They are net of fees and costs, 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 bottom-up 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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Kerr Neilson (CEO) and Andrew Clifford (CIO) recently commented on their thoughts on the markets at the Platinum Capital Limited AGM on 26 October in Sydney.

Kerr talked at a global level making the following key observations:

- The world feels very good today, with indicators showing a rare, co-ordinated global expansion.
- China's reforms are positive and this is a key driver - Andrew expands on this below.
- Even Japan is growing, indeed the labour force is expanding as female participation increases.
- The US is the only significant economy on a tightening path.
- Inflation is in asset prices not consumer goods; inequality is an unwelcome outcome.
- Weak income growth and imperfections from prolonged interest rate suppression are a concern.
- There are still pockets of value for stock-pickers.
- We are at the point in the cycle where we start to look for what could go wrong.
- Markers of excess include: crowding into bonds, high valuations and reduced social cohesion.
- Need to weigh-up carefully when to lighten exposure.

Andrew then focused in on the changes in China that are exciting us:

- There is a significant gap between perception and reality.
- News of reform is taking a long time to flow through to the Australian / Western media and to be understood.
- Supply side reform is a critical change in China's economy.
- The fundamental shift took place in early 2016 – in Australia, evidence is in thermal coal and iron ore prices.
- The setting up of a redundancy fund meant that this time closures actually took place – shows Xi's grip on power.
- Environmental standards is a key driver of this – closing down polluters to clean up the air.
- Reduced capacity in steel and coal, has sent profits through the roof, and will reduce non-performing loans (NPL's) in the banking system.
- The "shadow banking" system is not vastly different in operation from our mechanism of "securitised debt".
- Funds in the economy are being channeled to the dynamic private sector – robotics, IT, electric vehicles, and drug development.
- The key state sponsored sector going forward is infrastructure – the One Belt One Road initiative is critical, significant and rational.
- The residential property market is arguably under- not over-supplied with urbanisation and modernisation the drivers.
- It is highly probable that within China are the investment opportunities of a generation; most fund managers still ignore this.

One of the latest hot investment concepts is that of passive investing, the appeal of which is simply that markets have been doing well and so temporarily it feels that the value add of active managers – stock selection and risk management – is diminished. At any point that investors have started to believe such rhetoric, they have generally been badly burned. This table shows that the returns we have delivered over the last year could not have been replicated passively.

Region	Fund's (Net) Exposure %	Index Return %	"ETF Outcome%"	Fund's Contribution %
Asia	36	29	10.4	16.6
Europe	23	26	6.0	8.2
Japan	13	17	2.2	3.7
North America	9	21	1.9	3.5
Cash/FX	19	1.5 (RBA)	0.3	0.1
<b>Net Return (12 months)*</b>			<b>20.8</b>	<b>29.9</b>

\*"ETF Outcome%" = Net Exposure% X Index Return%/100

Net Exposure represents the Fund's exposure as a % of NAV of physical holdings and both long and short derivatives as at 31.10.17

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

ETF outcome 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.

to 31.10.17



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