

## Facts

Portfolio value	\$11.91 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 – 2.3923 Red – 2.3803
Unit prices P Class	App – 1.1618 Red – 1.1560

## Performance<sup>1</sup>

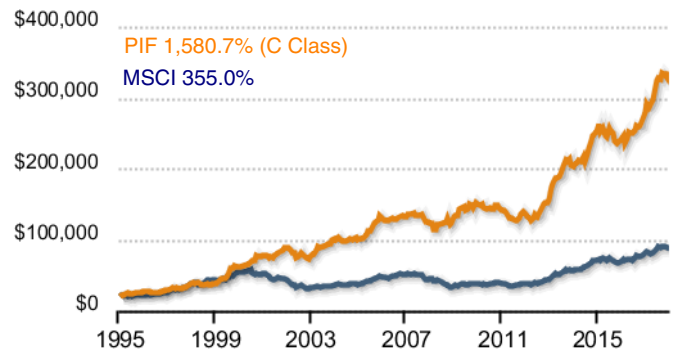
	P Class %	C Class	MSCI %
1 month	2.53	2.50	2.59
3 months	0.54	0.35	1.53
6 months	3.98	3.84	5.20
Calendar year to date	3.29	3.19	3.60
1 year		20.53	13.11
2 years (compound pa)		18.48	15.29
3 years (compound pa)		10.13	9.02
5 years (compound pa)		16.60	15.96
7 years (compound pa)		13.23	13.30
10 years (compound pa)		10.57	7.46
Since inception (compound pa)*	15.89	13.05	6.81

## 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	3.6
Austria	0.6	0.6	
Brazil	0.4	0.4	0.4
Canada	1.6	1.6	1.6
China	4.9	4.9	6.5
China Ex PRC	18.1	18.1	
Hong Kong	0.4	0.4	14.5
Taiwan	0.3	0.3	0.3
Denmark	1.5	1.5	1.5
France	1.5	1.5	
Germany	5.9	5.9	
Hungary	0.2	0.2	0.2
India	4.8	4.8	4.9
Italy	0.7	0.7	
Japan	13.9	13.9	11.9
Korea	7.9	7.9	8.0
Malaysia	0.6	0.6	0.6
Norway	1.9	1.9	3.2
Russia	0.4	0.4	
Switzerland	3.1	3.1	0.8
Thailand	0.3	0.3	1.4
United Kingdom	6.4	6.4	4.7
United States	14.6	1.6	22.2
	90.5	77.4	
Euro Currency			13.6
Cash	9.5	22.6	
Total	100.0	100.0	100.0

Long - 124 stocks, 2 swaps Short - 10 stocks, 3 indices

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

STOCK	COUNTRY*	INDUSTRY	%
Samsung Electronics Co Ltd	Korea	Info Technology	3.2
Ping An Insurance Grp	China	Financials	2.7
Alphabet Inc	USA	Info Technology	2.5
Technip FMC	UK	Energy	2.5
Inpex Corporation Ltd	Japan	Energy	2.4
Glencore PLC	Switzerland	Materials	2.3
Siemens AG	Germany	Industrials	2.2
Royal Dutch Shell PLC	UK	Energy	2.1
Intel Corp	USA	Info Technology	2.0
Facebook Inc	USA	Info Technology	1.9

\*China includes exposure to Chinese A shares, H shares and ADRs.

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

SECTOR	LONG %	NET %
Info Technology	20.5	19.4
Financials	14.9	14.9
Industrials	10.4	10.4
Cons Discretionary	10.3	9.1
Energy	10.3	10.3
Materials	9.5	9.5
Health Care	6.5	6.0
Consumer Staples	3.1	0.6
Utilities	1.9	1.9
Real Estate	1.8	1.8
Telecom Services	1.2	1.2
Other*	0.0	(7.5)

\* 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 and the Supplementary Product Disclosure Statement dated 23 February 2018 (together the "PDS") provide 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 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.

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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Over the last year, the Fund delivered 22%, which is a pleasing outcome for investors, being both above the strong 5-year returns of 17% p.a., and its long term (since inception) return of 13% p.a. which in turn are close to double what global markets have offered over the last 23 years.\* Key drivers over the last year have been the exposure to Asia-Pacific, while sectorially, the leaders have been IT and Financials driven by long-held positions in Asian champions, like Samsung, Tencent and Ping An.

We have been observing a recent pattern of Trump-induced headlines dominating attention, and with global market attention over-focused on the United States, this, coupled with bond yields trending higher (ie tighter money) has created more concern than we saw through the steady climb of 2017. In the background though, China is getting on with its reform quietly, continuing to open up to the world, and as our portfolio is skewed more to the East, and almost out of the late-cycle US market, this is both encouraging, and beneficial.

The key to investing is to focus on the fundamentals, and to weigh up opportunities against the price at which they are offered. Today, the portfolio longs are on around 13-14x forward earnings, which is below long term averages and the Fund carries additional protection in the form of increased shorts and cash positions. Over the last quarter, the Fund's returns have come from the deployment of risk management tools (shorting and FX management) as soggy Asian markets have meant the long side has not made money.

It is also important to detach a generic discussion about markets from a clear understanding of change that is taking place at a company and industry level. On our recent roadshow for advisers and investors in the five largest Australian capital cities, our portfolio managers explored some of the significant changes taking place in the world, and how these are driving our thinking at a portfolio level.

At a geographic level, we strongly believe that the portrayal of China in the Western media is at odds with the reality on the ground, and our long-established large exposure to the world's largest physical economy and most populous nation is delivering handsomely for investors, yet remains very attractive with a cleaner environment, one of the latest thematics we have added to. The chart to the right shows how we have migrated the Fund away from the US and towards Asia-Pacific over the last five years as opportunities have presented themselves.

At an industry level, we covered the electrification of vehicles, which will be driven by Chinese and European regulation, and technology advances. This throws up a range of opportunities including stronger traditional auto makers, battery manufacturers, and miners of the important metals for this technology. Over the last 2-3 years we have been redeploying profits from the technology sector, as the chart to the right shows, which was becoming white-hot, into some of these electric car-related ideas, and other energy investments presented during a recent period of weakness in oil prices.

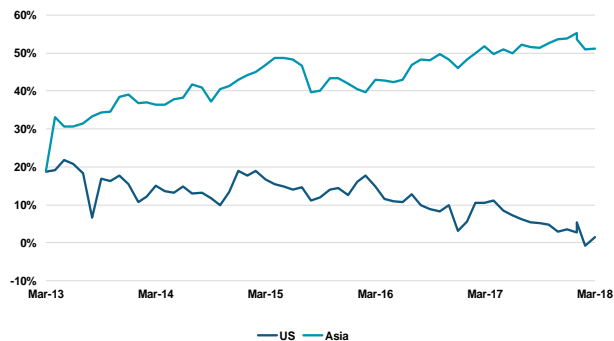
The presentations are available at <https://www.platinum.com.au/insights-Tools/The-Journal/2018-Roadshow-Presentation>. Andrew Clifford also presents in more detail on how we think about investing.

The recently published quarterly report for all our Funds contains further insights including Andrew's roadshow presentation, a macro overview, and for the Fund we look at the idea that India and South-East Asia are starting to loom as drivers for renewed vigour in resource markets.

\*MSCI All Country World Index

## Platinum International Fund

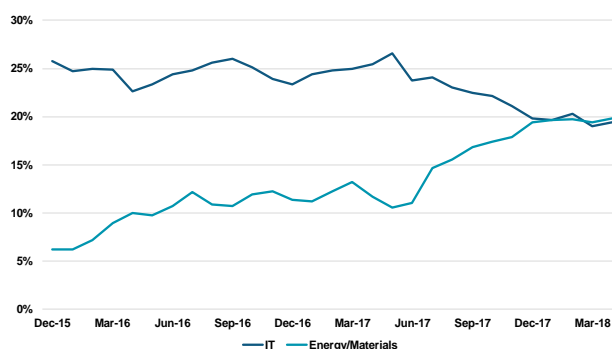
Net Region Exposure – US vs. Asia Pacific



Source: Platinum Investment Management Ltd. Net Region Exposure represents the Fund's exposure to these regions through securities and long and short derivatives as a % of the Fund's NAV.

## Platinum International Fund

Net Sector Exposure – IT vs. Energy/Materials



Source: Platinum Investment Management Ltd. Net Sector Exposure represents the Fund's exposure to these sectors through securities and long and short derivative positions as a % of the Fund's NAV.

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	38	23	8.8	12.7
Europe	23	12	2.8	4.1
Japan	14	18	2.5	3.4
North America	5	11	0.6	2.0
Cash/FX	20	1.5 (RBA)	0.3	0.1
<b>Net Return (12 months)</b>			<b>15.0</b>	<b>20.5</b>

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

Net Exposure represents the Fund's average exposure as a % of NAV of physical holdings and both long and short derivatives as an average over the year.

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

ETF outcome is assumed to achieve index return.

The investment returns shown are historical to 30.04.18 and no warranty can be given for future performance. You should be aware that historical performance is not a reliable indicator of future performance.

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