

## FACTS

Portfolio value	\$8.53 bn
Fund commenced	30 April 1995
Minimum investment	A\$10,000 or NZ\$10,000
Regular Investment Plan (min.)	A/NZ\$5,000 plus A/NZ\$200 mth/qr
Income distribution date	Annual, 30 June
Unit valuation	Sydney Business Day
Unit prices C Class	App - 2.0208 Red - 2.0147
Unit prices P Class	App - 0.9621 Red - 0.9592

## PERFORMANCE<sup>1</sup>

	C Class %	P Class %	MSCI %
1 month	0.4	0.5	0.1
3 months	11.8	11.8	7.1
6 months	15.3	15.4	9.6
Calendar year to date	0.4	0.5	0.1
1 year	4.8	5.1	2.1
2 years (compound pa)	8.2	8.5	13.6
3 years (compound pa)	2.5	2.7	9.9
5 years (compound pa)	8.6		11.7
7 years (compound pa)	8.1		11.5
10 years (compound pa)	9.3		11.8
Since inception (compound pa)	11.9	6.4	7.2

## INVESTED POSITIONS<sup>3</sup>

	LONG %	SHORT %	NET %	CCY %
<b>Asia-Pacific</b>	46.4	(0.3)	46.1	52.8
Australia	4.3		4.3	4.3
China	16.3		16.3	16.1
Hong Kong	2.9		2.9	4.1
India	2.6		2.6	2.6
Japan	12.3	(0.3)	12.0	12.6
South Korea	7.8		7.8	8.0
Thailand	0.2		0.2	0.2
China Renminbi Offshore				4.9
<b>Europe</b>	17.8		17.8	26.3
Austria	1.2		1.2	
Belgium	0.1		0.1	
Denmark	0.3		0.3	0.3
Finland	2.3		2.3	
France	3.3		3.3	
Germany	4.0		4.0	
Ireland	1.7		1.7	
Italy	1.6		1.6	
Norway	0.2		0.2	0.2
Spain	1.9		1.9	
United Kingdom	1.2		1.2	1.2
Euro				24.6
<b>North America</b>	26.6	(6.2)	20.4	19.4
Canada	2.8	(0.2)	2.6	2.9
United States of America	23.7	(6.0)	17.7	16.5
<b>Other</b>	1.6		1.6	1.6
<b>Sub-Total</b>	92.3	(6.5)	85.8	100.0
<b>Cash</b>	7.7	6.5	14.2	
<b>Total</b>	100.0		100.0	100.0

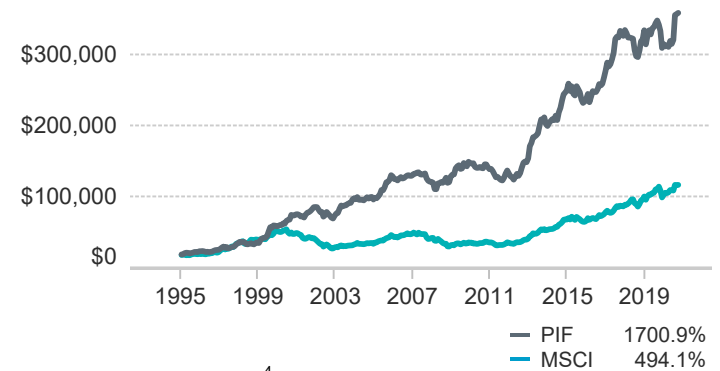
Long - 95 stocks, 2 swaps Short - 11 swaps, 1 index

## FEES

Entry fee	Nil
Buy/sell spread	0.15%/0.15%
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>



## TOP TEN POSITIONS<sup>4</sup>

STOCK	COUNTRY	INDUSTRY	%
Samsung Electronics Co	South Korea	Info Technology	5.1
Glencore PLC	Australia	Materials	3.8
Weichai Power Co Ltd	China	Industrials	3.1
AIA Group Ltd	Hong Kong	Financials	2.9
Ping An Insurance Group	China	Financials	2.9
Micron Technology Inc	United States	Info Technology	2.9
LG Chem Ltd	South Korea	Materials	2.8
Minebea Co Ltd	Japan	Industrials	2.7
Microchip Technology Inc	United States	Info Technology	2.6
General Electric Co	United States	Industrials	2.5
<b>Total</b>			<b>31.3</b>

## INDUSTRY BREAKDOWN<sup>3</sup>

SECTOR	LONG %	SHORT %	NET %
Industrials	21.4		21.4
Materials	17.5	(0.3)	17.1
Information Technology	15.9	(0.2)	15.7
Financials	14.7		14.7
Consumer Discretionary	10.0	(0.9)	9.1
Health Care	6.5	(1.5)	5.1
Communication Services	2.5		2.5
Real Estate	2.2		2.2
Energy	1.5		1.5
Utilities	0.2		0.2
Consumer Staples		(0.5)	(0.5)
Other		(3.1)	(3.1)

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1. & 2. Source: Platinum for Fund returns and Factset Research Systems for MSCI returns. Investment returns are calculated using the Fund's NAV unit price (i.e. exclude a buy/sell spread) for C Class and P Class (as indicated), 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. The returns are calculated relative to the MSCI All Country World Net Index in A\$ (the gross MSCI Index was used prior to 31/12/98). Since inception date for C Class is 30/04/95 and for P Class is 03/07/17. Since inception date of C Class has been used for the purposes of calculating since inception returns of the index. The investment returns depicted in the graph are cumulative on A\$20,000 invested in C Class units in the Fund since the C Class inception date. Past performance is not a reliable indicator of future returns. Platinum does not invest by reference to the weightings of the index. The index is provided as a reference only.

3. The geographic "Long %" is the exposure to long securities and long securities/index derivative positions, the geographic "Short %" is the exposure to short securities and short securities/index derivative positions and the geographic "Net %" is the difference between the geographic "Long %" and the geographic "Short %", each as a percentage of the market value of the Fund's portfolio. The "Currency %" is the effective currency exposure as a percentage of the market value of the Fund's portfolio taking into account long and short securities, cash, forwards and long and short securities/index derivative positions. The cash "Long %" includes cash at bank, cashflows expected from forwards and effective cash exposures resulting from long securities/index derivative positions, the cash "Short %" includes effective cash exposures resulting from short securities/index derivative positions and the cash "Net %" is the difference between the cash "Long %" and the cash "Short %", each as a percentage of the market value of the Fund's portfolio. For the "Industry breakdown", index positions (whether through ETFs or derivatives) are only included under the relevant sector if they are sector specific, otherwise they are included under "Other".

4. The "Top ten positions" show the Fund's top ten long securities positions as a percentage of the market value of the Fund's portfolio (including long securities and long securities derivative positions). All data where MSCI is referenced is the property of MSCI. No use or distribution of this data is permitted without the written consent of MSCI. This data is provided "as is" without any warranties by MSCI. MSCI assumes no liability for or in connection with this data. Please see full MSCI disclaimer in <https://www.platinum.com.au/Special-Pages/Terms-Conditions>

## MARKET UPDATE AND COMMENTARY

- Entered 2021 following third-strongest calendar quarter in the Fund's 25-year history, delivering 13% in the three months to 31 December 2020.
- 5% return in the 12 months to 31 January 2021 (vs. market's 2% return) driven by investments in Industrials, Materials, IT and Communications.
- Signs that market drivers are changing and rewarding cyclicals after a long trend favouring growth and defensives.

### Market Commentary

The first month of 2021 was characterised by the so-called "Reddit revolution" and the media frenzy associated with the "man in the street" taking on the "Hedge Fund Titans of Wall Street". It certainly looks to the trained eye that the targets (e.g. GameStop) were carefully selected by industry insiders, simply capitalising on the renewed interest in the stock market by the general public, often coincident with later stages of bull markets. The key lesson is a simple one: **crowded positions, long or short, are dangerous and should be avoided.** This is at the core of our philosophy; "avoiding the crowd" is a key part of our risk management approach.

The successful COVID-19 vaccine trial results in November had previously provided the catalyst for stronger markets and for the portfolio. This news fuelled a strong move in share prices until mid-January, before concerns about further outbreaks dampened enthusiasm. Our quantitative work highlights that the key driver of these recent market moves was whether stocks were seen as COVID-19 beneficiaries or losers. Our portfolio generally benefited, being heavily exposed to economically sensitive stocks and particularly, our recent purchases in travel-related companies, along with chip-makers and materials. **This has resulted in significantly higher returns for the portfolio over the last 3-6 months than has typically been the case.**

We have seen better recovery data than anyone would have expected last April/May, increasing evidence governments will abandon fiscal restraint (a key contributor to low inflationary pressures) to restore full employment, and the vaccine added further encouragement. While the long-established trend (dull growth) has favoured particular stocks (i.e. growth and defensives) and we cannot rule out its continuation, **we feel that the market is moving towards recognising the economic recovery** and rewarding businesses sensitive to that. Based on our past experience, we believe that this should help non-US equities and cyclicals.

The majority of the portfolio can be classified as belonging to the following thematic: growth industrials, semiconductors, travel-related, Chinese consumer, healthcare, internet-related (though much reduced) and metals.

### Performance Analysis\*

It is encouraging to report **the return of the long portfolio was substantially ahead of the MSCI AC World Net Index over the last 12 months**, making a contribution of 12%, with the market up only 2% over the same period. The standouts were Industrials/Materials (contributing +10% to returns) and IT/Communications (adding +7%). Currency management added another +2%. Energy and Financials (incl. Real Estate) suffered as a result of COVID-19 (costing -6%) and shorts (costing -8%) were disappointing, as we attempted to protect the portfolio but suffered from the momentum behind the mania in growth stocks.

The top 10 contributors over the last 12 months (11% impact) were dominated by semiconductors (Samsung, Microchip, Micron, Skyworks) and China (logistics company ZTO Express, platform Tencent, engine maker Weichai Power). The rest of the leaders were an eclectic mix: electric vehicle battery maker LG Chem, vaccine maker Moderna and copper miner First Quantum Minerals.

\*Source: Platinum. Numbers for long and short positions are based on the total return of individual positions (in AUD) and do not take into account fees and costs (other than brokerage). Contribution numbers may not add up due to rounding and the effect of fees. Past performance is not a reliable indicator of future returns.

### Valuation

While aggregate valuation data does not tell the full story, it is a useful gauge for the portfolio's attractiveness at a point in time. There appears to be value in an absolute and relative sense, with the Fund offering a starting earnings yield that is 33% higher than the market and appearing to be 38% cheaper relative to the assets backing it.

Metric	Platinum International Fund	MSCI AC World Net Index (A\$)
NTM Earnings Yield	6.8% (Price-to-Earnings ratio of 14.6x)	5.1% (Price-to-Earnings ratio of 19.5x)
NTM Dividend Yield	2.5%	2.5%
Price-to-Book Ratio	1.6x	2.6x
Enterprise Value-to-Sales	1.4x	2.0x

The valuations in the table in respect of the Fund have been calculated by Platinum and refer to the long portion of the portfolio, exclude negative net earnings, and use FactSet consensus earnings.