

FACTS

Portfolio value	\$9.00 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 - 2.1576 Red - 2.1511
Unit prices P Class	App - 1.0274 Red - 1.0243

PERFORMANCE¹

	C Class %	P Class %	MSCI %
1 month	6.8	6.8	1.4
3 months	7.7	7.8	1.4
6 months	19.9	20.0	8.0
Calendar year to date	7.2	7.3	1.5
1 year	14.9	15.2	8.5
2 years (compound pa)	9.6	9.8	11.5
3 years (compound pa)	5.0	5.3	10.5
5 years (compound pa)	10.5		12.4
7 years (compound pa)	8.8		11.3
10 years (compound pa)	10.0		11.9
Since inception (compound pa)	12.1	8.2	7.2

INVESTED POSITIONS³

	LONG %	SHORT %	NET %	CCY %
Asia-Pacific	46.6	(0.5)	46.1	53.3
Australia	4.7		4.7	4.7
China	16.9	(0.2)	16.8	16.8
Hong Kong	2.6		2.6	4.5
India	2.7		2.7	2.7
Japan	12.5	(0.3)	12.2	12.6
South Korea	7.0		7.0	7.2
Thailand	0.2		0.2	0.2
China Renminbi Offshore				4.6
Europe	18.5	(0.5)	17.9	26.2
Austria	1.1		1.1	
Belgium	0.1		0.1	
Denmark	0.3		0.3	0.3
Finland	2.4		2.4	
France	3.6	(0.3)	3.3	
Germany	3.8		3.8	
Ireland	1.8		1.8	
Italy	1.8		1.8	
Netherlands		(0.3)	(0.2)	
Norway	0.2		0.2	0.2
Spain	1.8		1.8	
United Kingdom	1.5		1.5	1.5
Euro				24.2
North America	26.5	(16.3)	10.2	18.1
Canada	2.7	(0.3)	2.4	2.9
United States of America	23.8	(16.0)	7.8	15.2
Other	2.5		2.5	2.5
Sub-Total	94.1	(17.3)	76.8	100.0
Cash	5.9	17.3	23.2	
Total	100.0		100.0	100.0

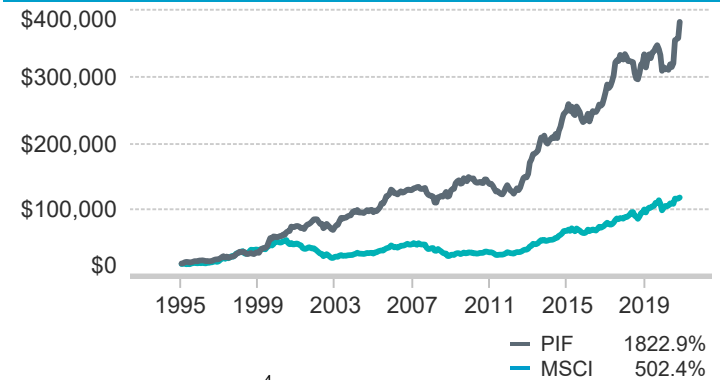
Long - 103 stocks, 2 swaps Short - 18 swaps, 2 indices

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 GRAPH²



TOP TEN POSITIONS⁴

STOCK	COUNTRY	INDUSTRY	%
Samsung Electronics Co	South Korea	Info Technology	4.8
Glencore PLC	Australia	Materials	4.3
Ping An Insurance Group	China	Financials	3.0
Weichai Power Co Ltd	China	Industrials	3.0
Micron Technology Inc	United States	Info Technology	3.0
Minebea Co Ltd	Japan	Industrials	2.8
General Electric Co	United States	Industrials	2.7
AIA Group Ltd	Hong Kong	Financials	2.6
Microchip Technology Inc	United States	Info Technology	2.6
UPM-Kymmene OYJ	Finland	Materials	2.4
Total			31.2

INDUSTRY BREAKDOWN³

SECTOR	LONG %	SHORT %	NET %
Industrials	22.4		22.4
Materials	19.3	(0.3)	19.0
Financials	14.8		14.8
Information Technology	15.0	(2.7)	12.3
Consumer Discretionary	9.7	(1.3)	8.4
Real Estate	3.4		3.4
Health Care	5.7	(3.0)	2.7
Communication Services	2.1		2.1
Energy	1.6		1.6
Utilities	0.1		0.1
Consumer Staples		(1.3)	(1.3)
Other		(8.7)	(8.7)

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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

- Last six months has been one of the strongest in the Fund's long history, with big outperformance of a rising market.
- One-year returns of +15% are above our long-term average, despite the March 2020 COVID-induced market sell-off.
- Increasing signs that market drivers are changing and rewarding cyclicals after a long trend favouring growth and defensives.

Market Commentary

Rising longer-dated bond yields started to capture more attention in February as the focal point for market commentators moved beyond the "Reddit revolution". Once again, the lesson is the same simple one – **crowded positions, long or short, are dangerous and should be avoided**. This is at the core of our philosophy, with our focus on "avoiding the crowd" a key part of our risk management approach.

To recap, we entered 2020 on the back of a trade war and a China reform-induced slowdown in industrial activity. Unsurprisingly, the temporary uncertainty caused investors to avoid those companies exposed to trade and economic activity. The pandemic hit this group of companies hard with low valuations providing no support in the event of lockdowns, while the hiding places were further sought after.

Since August, yields on longer-dated US Treasuries have been rising (prices falling) and since early November, companies regarded as "COVID losers" have started to regain some lost ground following the positive vaccine news. Recalling that this group has a large overlap with those that were out of favour before the pandemic, we are likely only starting to see a repositioning at a market level. **Portfolio returns over the last six months are significantly higher than has typically been the case and very strong compared with the market.**

With a philosophical starting point that **temporary uncertainty** is a catalyst for finding investments, it is no surprise that reduced concerns in areas like travel have been beneficial to returns, and our large exposure to semiconductors is benefiting from a rapidly tightening supply and demand dynamic. The industrials sector specifically, is offering a lot of growth opportunities that the market still sees as more cyclical.

A change in the 'real world' is a move away from monetary policy to fiscal policy, after decades of restraint by governments. This favours real companies over virtual ones, at the margin. With data on the recovery stronger than anyone would have expected in April/May 2020, the market is warming to sectors that were out of favour. When we look at long term (i.e. 35 years) valuation analysis, relative to asset values, cyclical stocks still look cheaper than their averages, while defensives were only more expensive at the peak of the technology bubble.

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

Performance Analysis*

The last six months saw portfolio returns of +20%. This is rare in our history; indeed, it is in the top decile (10%) of outcomes. Over the last six months with a backdrop of rising markets (+8%) the long portfolio contributed +25% to returns. This can be broken down to: 'cyclicals' adding +19%; technology adding +7%; and 'defensives' costing -1%.[†] Shorts and foreign exchange cost -4% over this period.

The top 10 contributors added +14% and can be categorised into semiconductors (Samsung Electronics, Micron, Microchip), industrials (General Electric, Weichai Power, Minebea) and resources (Glencore, First Quantum Minerals, Freeport McMoRan) plus Ally Financial.

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 26% higher than the market and appearing to be 33% cheaper relative to the assets backing it.

Metric	Platinum International Fund	MSCI AC World Net Index (A\$)
NTM Earnings Yield	6.7% (Price-to-Earnings ratio of 15x)	5.3% (Price-to-Earnings ratio of 19x)
NTM Dividend Yield	2.4%	2.5%
Price-to-Book Ratio	1.8x	2.7x
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.

*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.

[†]Cyclicals (65% average weight) include: Industrials, materials, energy, real estate, financials and consumer discretionary; Technology (22% average weight) includes: IT and communication services; and Defensives (9% average weight) include: Healthcare, utilities and consumer staples.