

FACTS

Portfolio value	\$9.08 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 - 2.1911 Red - 2.1845
Unit prices P Class	App - 1.0437 Red - 1.0405

PERFORMANCE¹

	C Class %	P Class %	MSCI %
1 month	1.6	1.6	4.4
3 months	8.9	9.0	5.9
6 months	23.3	23.5	12.9
Calendar year to date	8.9	9.0	5.9
1 year	25.6	25.9	24.2
2 years (compound pa)	10.0	10.3	13.1
3 years (compound pa)	6.0	6.3	12.3
5 years (compound pa)	10.6		13.4
7 years (compound pa)	9.7		12.5
10 years (compound pa)	10.5		12.5
Since inception (compound pa)	12.1	8.5	7.4

INVESTED POSITIONS³

	LONG %	SHORT %	NET %	CCY %
Asia-Pacific	43.5	(0.5)	43.0	46.4
Australia	3.4		3.4	3.5
China	14.8		14.8	14.8
Hong Kong	2.5		2.5	5.3
India	2.5		2.5	2.5
Japan	13.4	(0.5)	12.9	13.2
South Korea	6.7		6.7	6.8
Thailand	0.2		0.2	0.2
Europe	18.5	(0.5)	18.0	19.6
Austria	1.2		1.2	
Belgium	0.1		0.1	
Denmark	0.4		0.4	0.4
Finland	2.2		2.2	
France	3.6	(0.1)	3.5	
Germany	4.4		4.4	
Ireland	1.7		1.7	
Italy	1.8		1.8	
Netherlands		(0.4)	(0.3)	
Spain	1.6		1.6	
United Kingdom	1.5		1.5	2.6
Euro				16.6
North America	25.6	(20.7)	4.9	32.6
Canada	2.0	(0.3)	1.7	3.9
United States of America	23.6	(20.3)	3.3	28.7
Other	1.5		1.5	1.5
Sub-Total	89.0	(21.6)	67.4	100.0
Cash	11.0	21.6	32.6	
Total	100.0		100.0	100.0

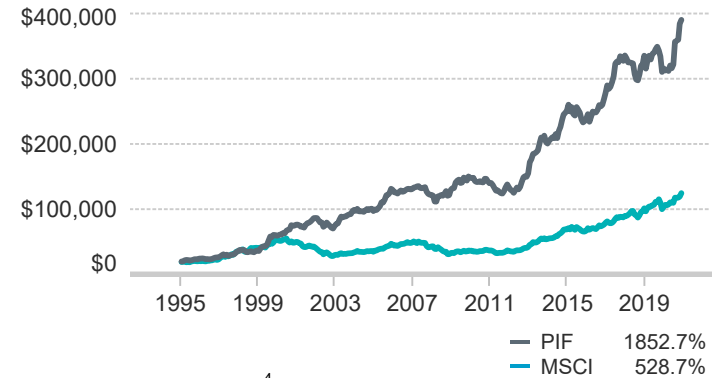
Long - 96 stocks, 2 swaps Short - 22 swaps, 1 index

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 GRAPH²



TOP TEN POSITIONS⁴

STOCK	COUNTRY	INDUSTRY	%
Samsung Electronics Co	South Korea	Info Technology	4.5
Glencore PLC	Australia	Materials	3.0
General Electric Co	United States	Industrials	2.8
Ping An Insurance Group	China	Financials	2.8
Micron Technology Inc	United States	Info Technology	2.7
Minebea Co Ltd	Japan	Industrials	2.7
Weichai Power Co Ltd	China	Industrials	2.6
Microchip Technology Inc	United States	Info Technology	2.6
AIA Group Ltd	Hong Kong	Financials	2.5
China Overseas Land & Inv	China	Real Estate	2.4
Total			28.6

INDUSTRY BREAKDOWN³

SECTOR	LONG %	SHORT %	NET %
Industrials	21.5		21.5
Materials	17.9	(0.3)	17.6
Financials	14.6		14.6
Information Technology	14.0	(4.7)	9.3
Consumer Discretionary	9.3	(0.8)	8.5
Real Estate	3.4		3.4
Health Care	6.0	(3.2)	2.8
Communication Services	1.6		1.6
Energy	0.7		0.7
Consumer Staples		(1.4)	(1.4)
Other		(11.2)	(11.2)

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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 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 was amongst the strongest in the Fund's long history (+23%), and notably saw outperformance in a rising market.
- One-year returns of +26% are more than double our long-term average, with strong rebound from 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

We have now moved a full year on from the dramatic COVID induced market sell-off. The pandemic had punished companies that were economically sensitive, despite already entering 2020 out of favour on the back of a trade war and a China reform-induced slowdown in industrial activity. The initial recovery in the market, post March lows, was led by the same companies that had appeared overheated ahead of the sell-off, as ever-lower bond yields further fuelled the speculative mania in growth and defensive stocks.

We persisted with our approach of buying companies we felt the market was overlooking, including travel stocks in the depths of the market panic. This started to be rewarded in late 2020, as we saw a combination of US Treasury yields starting to rise, and then positive news around vaccines saw investors re-consider companies with economic sensitivity, described also as 'COVID losers'.

This group of stocks has a large overlap with those that were out of favour before the pandemic and suggests we may only be starting to see a repositioning at a market level. 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.

Portfolio returns over the last six months are significantly higher than has typically been the case and very strong compared with the market. The harder part looking forward is trying to ascertain, as bond yields rise, to what extent this is good for 'risk assets', against at what point this starts to put pressure on all asset markets.

It makes sense given how we arrived here, to assume that bond yields are critical for growth and defensives, and there is more leeway for cyclical assets, which will benefit not only from the rotation, but also from changes in government policy towards more fiscal spending. While we continue to have the long part of the portfolio dominated by cyclical assets, and semiconductors our main technology exposure, we have also been increasing the size of the short book to reflect our rising caution on markets in general, and the hotter areas specifically.

In that regard, most of the portfolio continues to be classified as belonging to the following thematic: Growth industrials, semiconductors, travel-related, Chinese consumer, healthcare, internet-related (though much reduced) and metals.

Events like Greensill and Archegos, among others, are typically dismissed at the time as one-offs, but after the fact, tend to prove to be canaries in the coal mine. This suggests we heed such warnings and hence we are more cautious than in recent months.

Performance Analysis*

The last six months saw portfolio returns of +23%. This is rare in our long history; indeed, it is in the **top 5% of outcomes**. Over the last six months with a backdrop of rising markets (+13%) the long portfolio contributed +26% to returns. This can be broken down as: 'cyclicals' adding +20%; technology adding +7%; and 'defensives' costing -0.5%.[†] Shorts cost -2% over this period.

The top 10 contributors, all cyclicals, added +13%, dominated by resources (Glencore, First Quantum Minerals, Freeport-McMoRan and Seven Generations) and semiconductors (Samsung Electronics, Micron and Microchip) plus Ally Financial, General Electric and LG Chem.

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 35% higher than the market and appearing to be 36% cheaper relative to the assets backing it.

Metric	Platinum International Fund	MSCI AC World Net Index (A\$)
NTM Earnings Yield	7.0% (Price-to-Earnings ratio of 14x)	5.2% (Price-to-Earnings ratio of 19x)
NTM Dividend Yield	2.4%	2.4%
Price-to-Book Ratio	1.8x	2.8x
Enterprise Value-to-Sales	1.4x	2.1x

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 (66% average weight) include: Industrials, materials, energy, real estate, financials and consumer discretionary; Technology (20% average weight) includes: IT and communication services; and Defensives (7% average weight) include: Healthcare, utilities and consumer staples.