

FACTS

Portfolio value	\$7.68 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/qtr
Income distribution date	Annual, 30 June
Unit valuation	Sydney Business Day
Unit prices C Class	App - 2.0912 Red - 2.0849
Unit prices P Class	App - 0.9924 Red - 0.9894

PERFORMANCE¹

	C Class %	P Class %	MSCI %
1 month	1.5	1.5	(0.8)
3 months	(1.7)	(1.6)	(4.8)
6 months	(1.0)	(0.8)	(10.4)
Calendar year to date	(2.8)	(2.7)	(11.7)
1 year	(4.1)	(3.9)	0.6
2 years (compound pa)	10.7	11.0	10.6
3 years (compound pa)	6.7	7.0	10.4
5 years (compound pa)	5.7		9.8
7 years (compound pa)	5.7		9.0
10 years (compound pa)	11.4		13.6
Since inception (compound pa)	11.5	6.1	7.2

INVESTED POSITIONS³

	LONG %	SHORT %	NET %	CCY %
Asia-Pacific	36.1	(1.6)	34.5	43.4
Australia	3.8	(0.1)	3.6	3.9
China	16.6		16.6	17.6
Hong Kong				3.5
India	1.9		1.9	1.9
Japan	9.7	(1.4)	8.3	12.4
Kazakhstan	0.2		0.2	0.2
South Korea	3.8		3.8	3.8
Europe	24.7	(3.5)	21.1	25.6
Austria	1.9		1.9	
Belgium	0.1		0.1	
Denmark	0.2		0.2	0.2
Finland	2.4		2.4	
France	2.6		2.6	
Germany	4.6	(3.0)	1.6	
Ireland	0.8		0.8	
Italy	1.8		1.8	
Netherlands	2.3		2.3	
Other Europe		(0.6)	(0.6)	
Spain	0.5		0.5	
Switzerland	0.8		0.8	0.8
United Kingdom	6.6		6.6	7.1
Euro				17.6
North America	18.4	(8.0)	10.4	28.7
Canada	2.9		2.9	3.4
United States of America	15.5	(8.0)	7.5	25.3
Other	2.3		2.3	2.3
Sub-Total	81.5	(13.1)	68.4	100.0
Cash	18.5	13.1	31.6	
Total	100.0		100.0	100.0

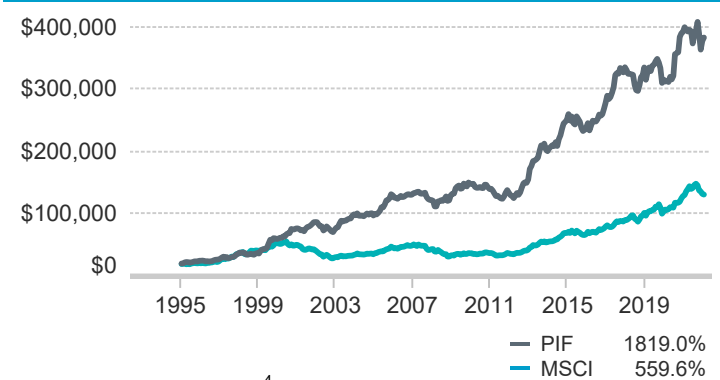
Long - 120 stocks, 2 swaps, 1 option Short - 27 swaps, 2 indices

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	%
Glencore PLC	Australia	Materials	3.2
ZTO Express Cayman Inc	China	Industrials	3.1
Microchip Technology Inc	United States	Info Technology	3.0
Minebea Co Ltd	Japan	Industrials	2.4
UPM-Kymmene OYJ	Finland	Materials	2.4
Ping An Insurance Group	China	Financials	2.4
Tencent Holdings Ltd	China	Comm Services	2.2
Samsung Electronics Co	South Korea	Info Technology	2.2
Shell PLC	Netherlands	Energy	2.2
Mosaic Co	United States	Materials	2.0
Total			25.1

INDUSTRY BREAKDOWN³

SECTOR	LONG %	SHORT %	NET %
Industrials	16.7	(0.7)	16.0
Materials	14.0		14.0
Financials	13.5	(0.3)	13.2
Consumer Discretionary	10.7	(3.3)	7.4
Information Technology	10.0	(4.0)	6.0
Health Care	4.9		4.9
Energy	4.3		4.3
Communication Services	4.1	(1.0)	3.1
Real Estate	2.4		2.4
Consumer Staples	0.8	(0.4)	0.4
Other		(3.5)	(3.5)

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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 "Long %" is the exposure to long securities and long securities/index derivative positions, the "Short %" is the exposure to short securities and short securities/index derivative positions and the "Net %" is the exposure to long and short securities and long and short securities/index derivative positions, 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. 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".

3. and 4. Country classifications for securities reflect Bloomberg's "country of risk" designations, and currency classifications for securities reflect the relevant local currencies of our country classifications.

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).

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MARKET UPDATE AND COMMENTARY

- Increasing evidence that the 'disruption-driven' bull market is over.
- Six-month returns are starting to highlight the benefit of our approach.
- Likely we are only part-way through the technology sell-off based on historical patterns.

Market Commentary

The Fund delivered a positive return in May against a continued backdrop of weak markets, with the technology-heavy Nasdaq index extending its 2022 losses, despite a bear-market rally late in the month.

The investment landscape today is as complex as it has been in a long time. Our observation is that for the last decade or so, perhaps the biggest risk was not paying enough; the risk today has shifted to paying too much. There are many implications from tightening liquidity, not least the financing of some of the more fanciful disruptors. Perhaps, "back to boring" is an uninspiring slogan, but there are some great businesses being priced today as if they are in crisis, yet they are high-quality producers of necessities and we expect they will be around for some time to come. This might include the likes of Toyota, BMW, Microchip, MinebeaMitsumi or the European banks.

With an understanding from history that when bull markets end, markets tend to give back 50-85% of the preceding rise, our focus in recent months has been on protection, as we have long expressed our concerns around inflation and speculation.

Our playbook does, however, encompass the idea of rallies within a bear market, and the importance of harvesting gains. With that in mind, we expect that the short book in the portfolio will continue to be dynamic. All else being equal, one might expect net invested positions to rise as markets fall, and vice versa. Nothing happens in a straight line, nor exactly as expected, so the key message is that we continue to maintain a cautious bias. We expect there to be a point later in the sell-off when we would seek to remove protection to capture the start of the next market cycle.

In December, we showed the expensive valuations ascribed to the 'big six' largest companies Apple, Amazon, Microsoft, Alphabet (Google parent), Tesla and Meta Platforms (formerly known as Facebook). By 31 May 2022, each was 19-49% below their respective 52-week highs (average 32%), with Netflix down over 70%, yet on a simple earnings yield (see second table below) they are now more expensive relative to 'risk free' US Treasuries than before, thus ironically reducing their investment appeal (Source: FactSet).

We remain excited by opportunities across decarbonisation, semiconductors, travel, Chinese consumers, European financials, and growth industrials. On the short side, we continue to protect the portfolio with a range of positions on stocks that have alarming fundamentals and/or valuations, most of which are in the technology and consumer areas.

Performance Analysis*

The last six months is a great reminder of why we do what we do. As markets sold off by 10%, the Fund only fell by 1%. This was due primarily to our short positions adding 7% to returns. This more than offset any falls on the long side in tumbling markets. That return from the short positions arose from an average weighting of 24% of our assets, implying that companies we were short fell on average by 28% over the six-month period to 31 May 2022. On the long side, standout contributors were China Overseas Land & Investment (Property) and materials companies Glencore and Mosaic (US fertiliser).

Valuation

The portfolio's aggregate valuation metrics are attractive in both an absolute sense and relative to the market, with a 45% higher starting earnings yield and a 40% discount on an asset basis (see table below).

Metric	Platinum International Fund	MSCI AC World Net Index (A\$)
NTM Earnings Yield	9.7% (Price-to-Earnings ratio of 10.3x)	6.7% (Price-to-Earnings ratio of 14.9x)
NTM Dividend Yield	3.2%	2.7%
Price-to-Book Ratio	1.5x	2.5x
Enterprise Value-to-Sales	1.4x	1.7x

The valuations in the table have been calculated by Platinum and for the Fund refer to the long portion of the portfolio, exclude negative net earnings and use FactSet consensus earnings. As at 31 May 2022. NTM = next twelve months.

In December, we compared the long portfolio with global markets, the 'big six' listed above, and US 10-year bond yields. Increasing yields mean more attractive valuations all round, but the rate of change is informative. The portfolio yield has risen the most, which is encouraging, followed by bonds, meaning that broad global markets and particularly the 'big six' have become relatively dearer.

Asset	NTM Earnings Yield (31-12-2021)	NTM Earnings Yield (31-5-2022)	Increase in NTM Earnings Yield
Platinum International Fund (Longs)	7.8%	9.7%	+1.9%
MSCI AC World Net Index (A\$)	5.5%	6.7%	+1.2%
'Big six' stocks	2.8%	3.7%	+0.9%
US 10-year Treasury	1.5%	2.8%	+1.3%

Source: The valuations in the table have been calculated by Platinum and for the Fund refer to the long portion of the portfolio, exclude negative net earnings and use FactSet consensus earnings. As at 31 May 2022.

*Source: Platinum. Contribution numbers are based on the total return of individual positions (in AUD) and are gross as they do not take into account the Fund's fees and costs (other than brokerage). **Past performance is not a reliable indicator of future returns.**