



Platinum International Fund

(Quoted Managed Hedge Fund) - ASX: PIXX

30 April 2019

Facts

Portfolio value	\$354.08 mn
Fund commenced	12 September 2017
Fund launch	14 September 2017
Income distribution date	Annual, 30 June
Unit valuation	Sydney Business Day
Net Asset Value (\$ per unit)	\$4.9695

Fees

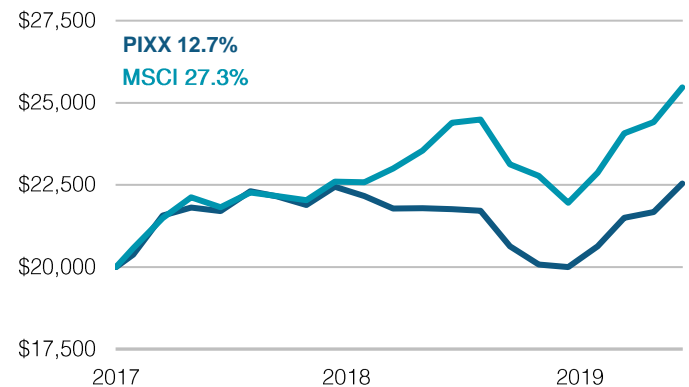
Entry fee	Nil
Buy/sell spread (Platinum International Fund)	0.20%/0.20%
Fee:	Investment Management 1.10% p.a. Investment Performance 15.00% p.a.*

Performance¹

	Fund %	MSCI %
1 month	4.02	4.33
3 months	9.24	11.34
6 months	9.26	10.14
Calendar year to date	12.72	15.99
1 year	0.44	12.69
Since inception	7.61	15.98

*of the amount by which the Fund's return exceeds its index return

Performance graph²



Invested positions of Platinum International Fund³

	LONG %	NET %	CURRENCY %
Australia	0.2	0.2	0.2
Austria	1.3	1.3	
Brazil	0.4	0.3	0.3
Canada	2.6	2.6	2.7
China	8.0	8.0	8.3
China Ex PRC	14.8	14.8	
Hong Kong	0.8	0.8	13.4
Denmark	0.5	0.5	0.6
France	2.9	2.9	
Germany	4.2	4.2	
India	5.4	5.4	5.7
Ireland	0.7	0.7	
Italy	1.2	1.2	
Japan	8.1	8.1	15.2
Korea	6.1	5.1	5.2
Norway	1.8	1.8	2.4
Switzerland	3.9	3.9	1.9
Thailand	0.5	0.5	0.5
United Kingdom	2.3	1.7	4.2
United States	21.6	14.1	42.4
	87.2	78.0	
China Renminbi Off Shore			(14.6)
Euro Currency			11.7
Cash	12.8	22.0	
Total	100.0	100.0	100.0

Long - 108 stocks, 4 swaps Short - 17 stocks

Top ten positions of Platinum International Fund⁴

STOCK	COUNTRY*	INDUSTRY	%
Ping An Insurance Grp	China	Financials	4.1
Samsung Electronics Co Ltd	Korea	Info Technology	3.2
Facebook Inc	USA	Communication Serv.	3.2
Alphabet Inc	USA	Communication Serv.	3.1
Glencore PLC	Switzerland	Materials	2.5
China Overseas Land & Invest.	China	Real Estate	2.4
Technip FMC	UK	Energy	2.2
Intel Corp	USA	Info Technology	2.2
Tencent Holdings Ltd	China	Communication Serv.	2.0
Siemens AG	Germany	Industrials	1.9

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

Industry breakdown of Platinum International Fund

SECTOR	LONG %	NET %
Financials	16.7	16.7
Communication Services	13.5	13.5
Industrials	12.4	12.4
Info Technology	10.8	7.3
Materials	10.0	10.0
Cons Discretionary	8.1	6.0
Energy	6.0	6.0
Health Care	4.3	2.3
Consumer Staples	3.0	1.4
Real Estate	2.4	2.4

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 (Quoted Managed Hedge Fund) (the "Fund"). The Platinum Quoted Managed Funds Product Disclosure Statement dated 14 September 2017, the Supplementary Product Disclosure Statement dated 23 February 2018 and the Second Supplementary Product Disclosure Statement dated 23 October 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, 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. The information presented in this Fact Sheet is general information only and is not intended to be financial product advice. It has not been prepared taking into account your investment objectives, financial situation or needs, and should not be used as the basis for making an investment decision. Before making any investment decision you need to consider (with your financial adviser) your particular investment needs, objectives and financial circumstances. Some numerical figures in this Fact Sheet have been subject to rounding adjustments. Neither Platinum nor any company in the Platinum Group®, including any of their directors, officers or employees (collectively "Platinum Persons"), guarantee the performance of the Fund, the repayment of capital, or the payment of income. To the extent permitted by law, no liability is accepted by any Platinum Person for any loss or damage as a result of any reliance on this information.

1. & 2. Source: Platinum for Fund returns and RIMES Technologies for MSCI returns. Investment returns are calculated using the Fund's NAV unit price (i.e. exclude a buy/sell spread), and represent the combined income and capital returns in the specified period. All returns are pre-tax, net of fees and costs and assume the reinvestment of distributions. Returns are net of any accrued investment performance fee. The returns are calculated relative to the MSCI All Country World Net Index in A\$. The investment returns depicted in the graph are cumulative on A\$20,000 invested in the Fund since inception. Past performance is not a reliable indicator of future returns. 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 from the make-up of the index. The index is provided as a reference only.

3. China refers to securities or derivatives over securities, which securities are listed on the Shanghai or Shenzhen stock exchange. China Ex PRC refers to securities or derivatives over securities, which securities are listed outside of the PRC but provide exposure to PRC companies. The "Long %" represents the exposure to direct securities holdings and long stock/index derivatives as a percentage of the Platinum International Fund's ("PIF's") net asset value. The "Net %" represents the exposure to direct securities holdings and both long and short stock/index derivatives as a percentage of PIF's net asset value. The "Currency %" represents the effective currency exposure of PIF's portfolio as a percentage of PIF's net asset value, taking into account currency exposures through securities holdings, cash, forwards and long and short stock/index derivatives.

4. The "Top ten positions" show PIF's top ten long positions as a percentage of PIF's net asset value. Direct securities holdings and long stock derivatives are included. However, short stock derivatives are not included. 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>

- Strong start to 2019, headwinds from 2018 continue to recede; portfolio conservatively positioned.
- Portfolio contains great value, primarily in cyclical stocks and select large technology companies.
- Market focus on “safe havens” and “certain growth” leading to pockets of unseen risk for investors.

Current Portfolio Dynamics

Following a positive month of April, the Platinum International Fund (the underlying fund) has had its best start to the year since 1998, with a backdrop of strong markets. 2018's triple headwinds – Chinese reform, rising US rates, trade frictions – have abated, or reversed.

The market sell-off of late 2018 now seems distant, with new highs being reached; the Fund has recovered back to its April 2018 peak with one year returns of +0.4%.

Year-to-date the average portfolio stock is up 18%, with leading contributors Ping An, Facebook, Weichai Power and Anta Sports all up over 40%.

The Fund's Chinese holdings have added 6% to 2019's returns; a further 4% came from long positions in the US.

During strong markets, our focus on not losing clients' money can dampen returns; shorts and currency management have cost 2% year-to-date, despite our Tesla short benefiting as challenges to their business became increasingly apparent.

The decision to increase exposure during the last quarter of 2018 has assisted returns, yet we remain somewhat conservatively positioned, as there is a balance between positive and negative factors.

A concern at a stock level is the price being paid for perceived “safe havens” – particularly consumer staples, utilities, REITs and infrastructure. Many such companies offer little value nor growth prospects. The other key risk is the market's extreme interest in apparently certain growth. As a result at today's prices many stocks require perfect execution simply to justify the entry price. Our short positions are in expensive technology and biotech stocks, Tesla and compromised consumer staples.

On the long side, it is exciting to find some very strong global and local champions, where any uncertainty is leading to compelling value being on offer. Areas like memory chip makers, such as Samsung Electronics along with companies like Ping An Insurance and BMW are good examples of the kind of companies being overlooked. At a portfolio level, the long portion is on a starting earnings yield of about 9% (P/E of 11x) with prospects of growth, in our view.

The portfolio has become increasingly balanced geographically, with more of our recent additions being in the US market, including Micron and General Electric. The long portfolio is effectively balanced four ways between China, the rest of Asia (predominantly Japan, Korea and India), the US and Europe. The sectoral bias is to more cyclical stocks, and reasonably priced technology giants.

Historical Returns

We are now over 10 years from the GFC-bottom. Since March 2009, the Platinum International Fund has delivered a solid 10% annualised net return, while carrying 76% average net exposure to markets.

When we look at major markets of the world^[1] over the same period, our returns compare well against Japan, Germany, France (all 8% compound p.a.), UK (9% compound p.a.), China, India and Australia (10% compound p.a.) and Korea (11% compound p.a.). Only the US at 15% p.a. has done meaningfully better.

It is worth highlighting that we believe it would be imprudent to put more than half a global portfolio in one individual market, so we are structurally underweight the US, with our maximum long exposure to North America in the Platinum International Fund reaching 32% in 2011-12. Risk management is paramount in our process.

It is also worthy of note, that while our approach aims to provide capital growth over the long-term by investing in undervalued companies, we believe we can do better than the market over a full cycle. As we stand today, the last peak was in May 2007, with the trough in March 2009. If we assume the cycle is not over yet, as we hit new global highs, then we have delivered 150% (8.0% compound p.a.) so far this cycle against a market return of 97% (5.9% compound p.a.), while carrying average net exposure of only 73%.

^[1] Using the MSCI Country Indices in A\$