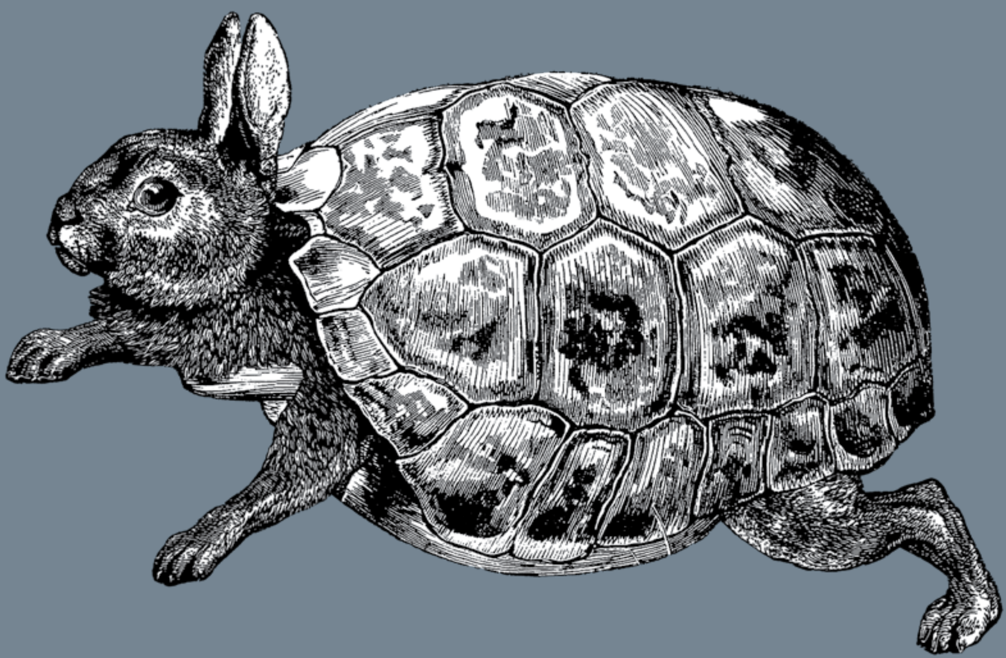
Platinum International Fund
Platinum Unhedged Fund
Platinum Asia Fund
Platinum European Fund
Platinum Japan Fund
Platinum International Brands Fund
Platinum International Health Care Fund
Platinum International Technology Fund

Platinum®
ASSET MANAGEMENT

Quarterly Report

30 JUNE
2020



Contents

The Platinum Trust quarterly report is available on our website from approximately the 15th of the month following quarter end.
Visit www.platinum.com.au/Investing-with-Us/Investment-Updates

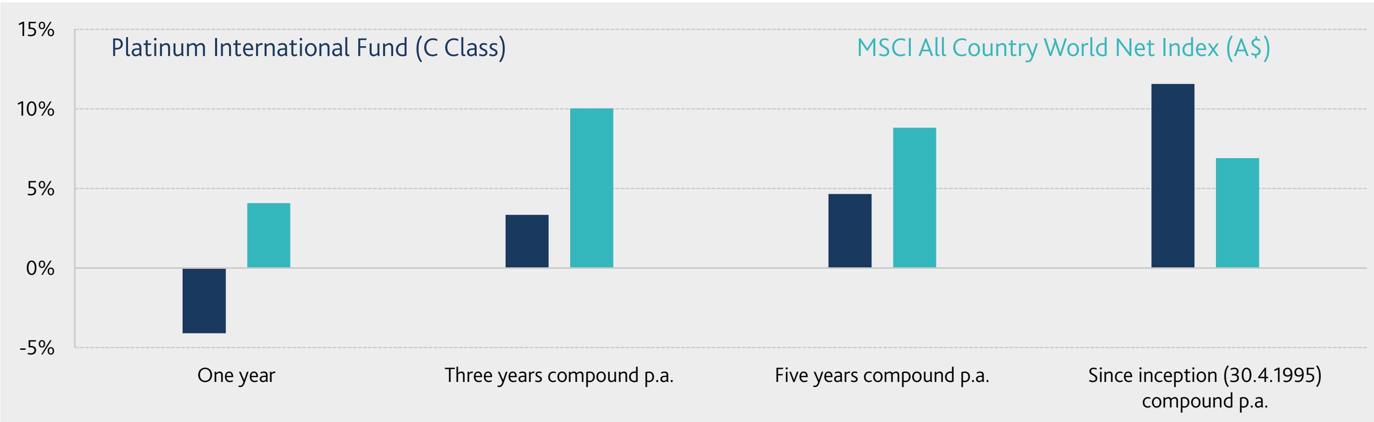
Performance Returns to 30 June 2020

FUND (C CLASS – STANDARD FEE OPTION) (P CLASS – PERFORMANCE FEE OPTION)	PORTFOLIO VALUE (POST 30 JUNE CASH DISTRIBUTION A$ MIL)	QUARTER	1 YEAR	2 YEARS COMPOUND P.A.	3 YEARS COMPOUND P.A.	5 YEARS COMPOUND P.A.	SINCE INCEPTION COMPOUND P.A.	INCEPTION DATE
Platinum International Fund (C Class)	**8,021.7**	**1.1%**	**-4.1%**	**-1.7%**	**3.3%**	**4.6%**	**11.6%**	**30 Apr 1995**
Platinum International Fund (P Class)	15.9	1.2%	-3.9%	-1.5%	-	-	2.9%	3 Jul 2017
MSCI All Country World Net Index (A$)		6.0%	4.1%	7.6%	10.0%	8.8%	6.9%	30 Apr 1995
Platinum Unhedged Fund (C Class)	**209.5**	**5.7%**	**-5.9%**	**-3.5%**	**3.3%**	**5.6%**	**9.8%**	**28 Jan 2005**
Platinum Unhedged Fund (P Class)	2.0	5.7%	-5.7%	-3.3%	-	-	3.1%	3 Jul 2017
MSCI All Country World Net Index (A$)		6.0%	4.1%	7.6%	10.0%	8.8%	7.2%	28 Jan 2005
Platinum Asia Fund (C Class)	**4,218.9**	**7.7%**	**14.6%**	**7.3%**	**10.3%**	**7.6%**	**14.2%**	**4 Mar 2003**
Platinum Asia Fund (P Class)	8.2	7.1%	14.1%	7.2%	-	-	9.8%	3 Jul 2017
MSCI All Country Asia ex Japan Net Index (A$)		3.8%	3.6%	4.2%	7.4%	6.7%	9.8%	4 Mar 2003
Platinum European Fund (C Class)	**559.0**	**7.5%**	**-11.2%**	**-5.0%**	**1.6%**	**4.7%**	**10.5%**	**30 Jun 1998**
Platinum European Fund (P Class)	3.1	7.5%	-10.9%	-4.8%	-	-	1.1%	3 Jul 2017
MSCI All Country Europe Net Index (A$)		2.6%	-5.4%	1.0%	3.7%	3.7%	2.8%	30 Jun 1998
Platinum Japan Fund (C Class)	**586.1**	**-4.4%**	**-4.4%**	**-0.7%**	**3.1%**	**5.5%**	**13.3%**	**30 Jun 1998**
Platinum Japan Fund (P Class)	3.2	-4.3%	-4.2%	-0.5%	-	-	3.2%	3 Jul 2017
MSCI Japan Net Index (A$)		-0.8%	5.1%	3.0%	6.7%	5.8%	2.9%	30 Jun 1998
Platinum International Brands Fund (C Class)	**526.5**	**13.9%**	**1.1%**	**-0.5%**	**5.3%**	**7.3%**	**11.7%**	**18 May 2000**
Platinum International Brands Fund (P Class)	1.8	14.0%	1.4%	-0.2%	-	-	5.3%	3 Jul 2017
MSCI All Country World Net Index (A$)		6.0%	4.1%	7.6%	10.0%	8.8%	3.4%	18 May 2000
Platinum International Health Care Fund (C Class)	**328.9**	**13.1%**	**31.0%**	**17.1%**	**17.5%**	**13.6%**	**10.9%**	**10 Nov 2003**
Platinum International Health Care Fund (P Class)	6.3	12.0%	30.0%	16.8%	-	-	16.7%	3 Jul 2017
MSCI All Country World Health Care Net Index (A$)		2.5%	16.8%	16.1%	13.8%	9.1%	9.6%	10 Nov 2003
Platinum International Technology Fund (C Class)	**121.9**	**12.7%**	**21.7%**	**12.9%**	**12.8%**	**11.1%**	**9.8%**	**18 May 2000**
Platinum International Technology Fund (P Class)	2.3	12.8%	22.0%	13.2%	-	-	13.1%	3 Jul 2017
MSCI All Country World IT Net Index (A$)		15.6%	34.4%	24.7%	26.7%	22.8%	3.0%	18 May 2000

Fund returns are net of accrued fees and costs, are pre-tax, and assume the reinvestment of distributions. Historical performance is not a reliable indicator of future performance. Source: Platinum Investment Management Limited for Fund returns and FactSet Research Systems for MSCI index returns. See note 1, page 40.

Platinum International Fund vs. MSCI All Country World Net Index (A$)

To 30 June 2020



Fund returns are net of fees and costs, are pre-tax, and assume the reinvestment of distributions. Historical performance is not a reliable indicator of future performance. Source: Platinum Investment Management Limited for fund returns and FactSet Research Systems for MSCI index returns. See note 1, page 40.

In Brief

Platinum International Fund

- Global equity markets staged an extraordinary rally over the quarter despite the global economy only just starting to recover from the depths of the largest economic setback in modern economic history. The performance can best be attributed to initiatives by governments and central banks around the world to backstop the collapse in economic activity.
- Investors at a time of significant uncertainty have increased their preference for businesses that are fast growing or defensive in nature, which is a reasonable response, except for the already very high valuations of these companies. This has resulted in a further widening of the differential in valuations and stock price performance between 'growth' stocks and 'value' stocks.
- The Fund's cautious positioning has resulted in significantly reduced investment returns over the last year and quarter, entirely attributable to losses on our short positions. We are in an unprecedented environment in financial markets and we continue to believe that maintaining short positions and cash holdings is appropriate to provide a level of downside protection.
- The long portfolio performed slightly better than the market over the quarter. Key contributors included ZTO Express, Microchip, Skyworks Solutions and LG Chem. We continued to add to a range of high-quality travel-related businesses during the quarter. Our view is that travel will return to favour in time and that the advent of an effective vaccine will facilitate a recovery.
- We are in uncharted waters for financial markets. There is the potential for a wide range of outcomes and we expect markets to remain highly volatile for some time. We expect the major economies will slowly recover to previous levels of output, providing the basis for a strong recovery in earnings for many of the Fund's holdings. We see the potential to earn good returns at the individual stock level over the next three to five years and thus for the portfolio as a whole.

Platinum Unhedged Fund

- A number of our larger holdings were the major contributors to performance over the quarter, notably LG Chem (+61% in local currency terms), ZTO Express (+39%) and Skyworks Solutions (+43%).
- When a growth industry has a major setback, it can be a very profitable source of ideas and over the past four months we have used the dislocation in the travel market to add a select group of travel businesses to the portfolio. While the industry will rebase lower, there are good reasons to believe it will return to growth and if it is anything like what occurred in the past decade, lost ground would be made up relatively swiftly once confidence returns.
- Given our investment philosophy, we need to be mindful of what's working in markets, without being lured into speculation. In that regard, we continue to focus on what will be the interesting investment areas of tomorrow, that are not being priced as such today.

Platinum Asia Fund

- After a volatile start to the year, it was an exciting quarter for the Fund, which was well positioned for a market recovery after weathering the steep sell-off earlier in the year.
- Stocks in the Fund are predominantly strong Asian companies that we believe will likely be resilient in an obviously difficult environment. Reliance Industries (+55%), LG Chem (+61%) and Sea Ltd (+96%) were key contributors to performance. Stocks benefiting from a recovery in Chinese domestic tourism also performed well, including China International Travel Service (+129%) and Huazhu (+22%).
- Starting valuations are a key determinant of future returns. Asian stocks are currently trading on low valuations versus their long-term averages and economic prospects for the region are favourable.
- Our bottom-up process is hard at work, generating numerous prospective ideas. It is an exciting time for investors like us, as attractive valuations coincide with significant capacity for further policy stimulus in Asia. The Fund will continue to deploy capital in attractive and strong businesses that are under-appreciated by the markets.

Platinum European Fund

- Long positions made a strong contribution to performance over the quarter, while shorts and currency positions detracted. The latter reflected a significant appreciation of the Australian dollar against most European currencies.
- European equities rallied on lockdowns that successfully impeded contagion, progress in the search for vaccines and an easing in restrictions on social contact. Leading indicators point to a sharp rebound in activity. Our best-performing stocks included retailers, semiconductor manufacturers and technology companies.
- We believe the portfolio is well positioned to benefit from a reopening of the European economy. However, we would caution that our stock ideas will likely take time to work. Our exposure is now more balanced between cheap cyclical businesses and high-quality businesses on reasonable valuations. We have increased our shorts to provide some downside protection should the recovery prove more erratic than markets expect.

Platinum Japan Fund

- Many company valuations are now below previous low levels, while many high-quality companies with decent long-term prospects are selling close to historically low valuations. In contrast, many parts of the market are valued at record levels. This valuation dispersion has not been this prevalent for two decades and is now amongst the widest on record.
- The Fund has been positioned both conservatively and with a view that the valuation dispersion would tighten. Positive contributions from fast-growing, innovative companies like Nexon (+38%), Nintendo (+15%), GMO Internet (+64%) and CyberAgent (+26%) have been offset by defensive positioning of a significant part of the portfolio and losses on short positions in companies, which were valued near record levels and rose to record levels.

Platinum International Brands Fund

- The Fund benefited from large positions in discretionary stocks, as well as a relatively low exposure to the weak USD and positions in natural resource-linked currencies such as the AUD and Norwegian krone. Top contributors included online retailers Zalando (+83% to our exit point) and ASOS (+186%), online used car dealer Carvana (+118%), super app Meituan Dianping (+84%), Russian online bank TCS Group (+76%) and Flutter Entertainment (+48%).
- The market rally provided opportunities to recycle capital into several newly established positions, as well as existing positions that became increasingly attractive on a relative basis as our more volatile discretionary stocks rebounded.
- One way or another, the pandemic will end and sales and earnings will recover. In any event, ultimately what will drive our returns is buying stocks at attractive prices relative to their future cashflows. From that perspective, we think the Fund is well positioned.

Platinum International Health Care Fund

- The recovery in biotech companies has been stellar. While SARS-CoV-2 vaccine developers Moderna (+114%) and CanSino Biologics (+39% to our exit point) performed very well for the Fund over the quarter, several of our other biotech holdings exceeded the performance of these 'pandemic' companies. These included Mersana Therapeutics (+158% from our entry point during the quarter), Myovant (+173%) and Ovid Therapeutics (+147%).
- We added to many holdings during the early stages of the pandemic. Many biotechs have successfully strengthened their balance sheets and we have seen a very positive initial product offering (IPO) market for new biotechs in the US and China.

Platinum International Technology Fund

- The technology sector experienced a significant recovery during the quarter, with the pandemic catalysing changes in the way people go about their daily lives, increasingly shifting their work, social and shopping activities to online.
- Within the portfolio, Twilio (+145%), Carvana (+118%), PayPal (+82%), eBay (+75%) and JD.com (+50%) all benefited from this trend. Our holdings across the electric vehicle (EV) supply chain also provided a positive contribution (Samsung SDI +51%, Infineon +55%, Analog Devices +37%). Governments, across Europe in particular, have rolled out significant stimulus measures focusing on the electric vehicle market, as they aim to not just stimulate the economy but also shift their societies towards a more environmentally friendly future.
- Technology is a dynamic sector, constantly evolving and presenting new opportunities. We remain confident we will continue to find attractive opportunities, despite the fact we are again faced with higher-than-average valuations across the sector.

Macro Overview

by Andrew Clifford, Chief Investment Officer

Stimulus Fuels Breakdown Between Markets and Economic Reality

The global economy has only just commenced its recovery from the depths of the largest economic setback in modern history, yet stock markets have bounced strongly from their mid-March lows to be just 5%-15% below their pre-COVID-19 levels. This extraordinary recovery in stock markets stands in stark contrast to other periods of economic weakness, such as the global financial crisis (GFC), where even five years later, markets had not recovered to their previous highs.

The market's response can most likely be attributed to the enormous monetary and fiscal measures taken by governments and central banks around the world. This leads to the obvious question, what happens next?

While we can identify attractive opportunities in individual stocks as a result of the market collapse, **for the moment, significant uncertainty around future economic activity, together with high stock market valuations, are good arguments for investors to retain a cautious stance**.

As lockdowns are lifted, economies will experience a strong 're-opening bounce', but a full recovery is likely to be at least three to five years away. As we noted in our March 2020 quarterly report,[1] the economy is "real" and labour is a key "factor of production". If people are restricted from going to work, then activity will fall. As such, we concluded, "economic activity will stop falling and start to recover when people can return to work".

It is not surprising that we are seeing signs of a strong initial recovery. The question is, how close does this initial recovery get us to where we were before? Again, as we noted last quarter, after the GFC, which was a mild downturn by comparison, the US took three years to return to prior peaks in activity, Japan took five years and Europe took seven years.

1 https://www.platinum.com.au/PlatinumSite/media/Reports/ptqtr_0320.pdf

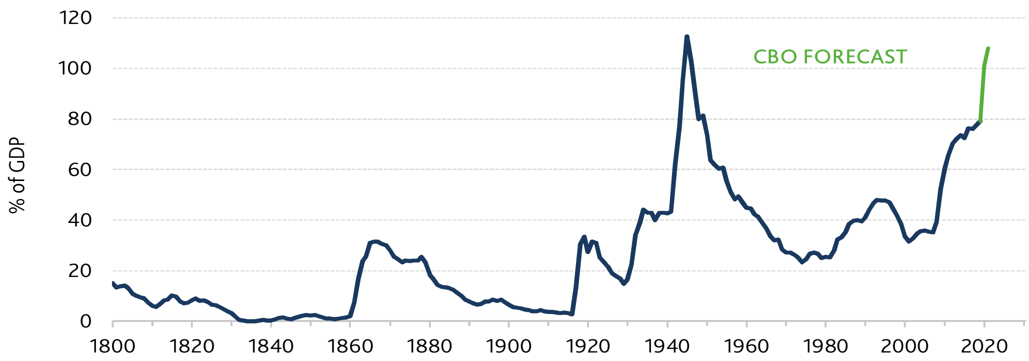
We expect the recovery to take some time to play out again for the following reasons:

- Firstly, small- and medium-sized enterprises, by and large, tend to live on the edge of viability at the best of times. Many that have had to close their doors will struggle to return, especially if they have significant fixed costs, such as rent, that still need to be covered. To date, government programs in many countries (such as the JobKeeper Payment Scheme in Australia) have aimed to keep these businesses afloat and their employees paid. It is likely that, as the reopening proceeds, many of these businesses will fail, and while their employees are ready and able to return to work, they will not have jobs to return to.
- There are also some industries where the recovery will be slower, as government restrictions on the movement of people persist, or potentially changes in behaviour triggered by the lockdown, result in reduced demand for some services.
- Finally, the recent acceleration in COVID-19 cases in parts of the US and elsewhere, raises concerns about the impact of a second wave of infections. Whether this results in a return to lockdowns or not, it is likely to suppress consumer and business confidence. Further, the spread of the virus remains uncontained in much of the developing world, with significant expansion of cases in the important economies of India and Brazil.

Once the initial re-opening bounce has occurred, it is likely that unemployment levels will remain significantly elevated relative to the pre-COVID period. Market forces will see excess labour eventually absorbed by an ongoing recovery and new jobs will be created, but it will simply take time. While the development of a vaccine will accelerate the recovery, allowing certain industries to return more quickly, it is still likely that a return to prior peaks in economic activity will be measured in years.

It is almost certain that governments will continue to implement additional monetary and fiscal measures to support an economic recovery, but there are limits on what can be achieved.

Fig. 1: US Public Sector Debt/% GDP



Source: Minack Advisers and US Central Budget Office (CBO)

Ultimately, the potential of any economy is limited by the "real" resources of labour, capital (being the plant and equipment in our factories, data centres and offices) and land (not just shopping malls and office blocks but also agriculture and mining). The government cannot create new productive capacity, it can only redirect existing resources, but during periods when the resources of the economy are not fully employed, it may make sense for them to do so. In recent months, government benefits have allowed the newly unemployed to buy groceries and pay their bills, reducing the impact of their loss of income on the economy. However, government spending represents a transfer of wealth from another sector of the economy – as governments need to fund their spending.

Traditionally, governments have funded their expenditure by taxing the private sector (households and businesses) or by borrowing money from the private sector and then taxing that very same private sector in the future, to repay the loans. However, in recent years, either directly or indirectly, as a result of quantitative easing policies by central banks, governments have been effectively borrowing from the central bank. Without delving into a treatise on money and credit, in simple terms, the central bank is creating new money that ends up in the hands of governments, who use it to pay their bills.[2]

2 This is a gross simplification of the underlying mechanics of money creation and quantitative easing, and the relationship with government spending over the last decade, but should suffice for the purpose of this discussion.

Normally, economists would argue that this is inflationary, and that it represents a tax on anyone who holds cash. It hasn't quite unfolded that way though, with the consumer price index (CPI) in most economic systems remaining subdued over the past decade. You might observe, however, the loss of purchasing power in your savings by noting the inflation in assets, such as residential property, or the lack of a decent return on your term deposits.

On face value, the financial alchemy of quantitative easing has been an apparent success. Over the last decade, central banks, hand-in-hand with their governments, have been able to resolve problems in their financial system, see their economies recover and maintain low interest rate regimes, without even the slightest appearance of this money creation being inflationary (unless you have an eye on asset prices). This same financial alchemy has been front and centre in the funding of government spending in response to the current crisis. So far so good, with respect to placing spending power into the hands of many of those in need and the maintenance of low interest rates, again with no obvious signs of inflation (other than in asset prices).

Undoubtedly, governments will continue to push on with central banks funding their spending if economies do not recover quickly. Presumably though, there are limits on this approach. When considering the rapid increase in government debt around the world in recent months, it certainly gives rise to a question of sustainability. Fig. 1 illustrates the extraordinary increase in US federal government debt as a percentage of GDP. The US Central Budget Office (CBO) is forecasting the level of indebtedness to rise to near World War 2 levels by 2021.

Assuming that limits do exist on this financial engineering, we need to understand at what point these limits will be reached and what will be the implications of exceeding them? These questions are not easily answered, but certainly, possibilities include a rise in goods and services inflation or conversely, the global economy enters a period of Japanese-style deflation, as governments crowd out the private sector.

The creation of new money that has arisen from recent monetary and fiscal policies is highly likely to have been a major contributor to the unprecedented rebound in stock prices from the March lows.

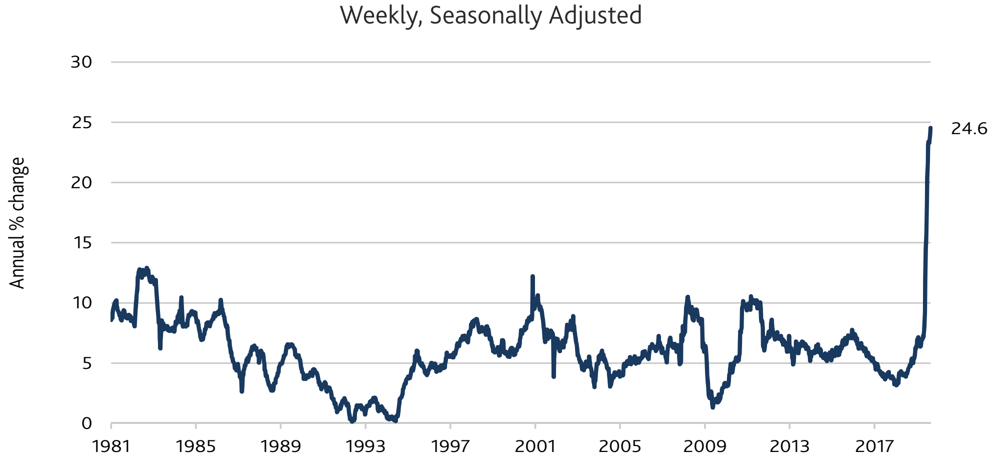
Well known economist, Milton Friedman observed that, "Inflation is always and everywhere a monetary phenomenon in the sense that it is and can be produced only by a more rapid increase in the quantity of money than in output". Today, in the US, M2 (one measure of the amount of money in the financial system) is rising by a record annual rate of 25%[3] (see Fig. 2), while economic output has collapsed. Of course, we haven't been able to observe inflation in the traditional CPI that focuses on goods and services, as most are in excess supply in this downturn. Where we have been able to clearly observe inflation though, is in asset prices, particularly in bond markets (higher bond prices are the other side of falling interest rates) and parts of the stock market.

As this new money has washed around the system, it has found its way to the shares of companies that are perceived to be immune, or that have even benefited from the economic collapse. Many of these companies have stock prices near, even well above, their pre-COVID stock prices. In some cases, companies have benefited from the lockdowns, notably, e-commerce players that have seen an increase in the use of online shopping and other services (as discussed by our portfolio manager, James Halse, in the feature article *Will the Pandemic Change our Spending Habits Long Term?*). Undoubtedly, the enthusiasm of investors for many of these companies is justified, in the sense that they have strong positions in their markets and look set to grow for many years to come. However, when this assessment of their prospects is then amplified by excessive money creation by central banks, **the outcome is that stock prices have moved well beyond what can be justified, given even the brightest assessment of their futures.**

If our analysis of the situation is correct, the risk for investors who own these popular names are two-fold. For any given company, a significant risk is they fail to deliver on their shareholders' high hopes, a very real possibility given the long timeframes over which they need to deliver high levels of growth. The other risk though, is that the money creation process that has driven these rising stock prices slows, or even possibly stops, or that the money migrates elsewhere. On the first point, as stated earlier, it seems likely that governments will want to continue spending to encourage a recovery and this should ensure the ongoing creation of new money, however, the current rate of growth may be hard to match. This assumes that potential limits on the levels of government debt discussed earlier do not occur at some point. As for the money migrating elsewhere, this is difficult to predict, but one possibility is that it flows into the real economy, as output steadily recovers over the coming years. None of this really helps with identifying the timing of any of these events, but to stay invested in these types of stocks is like being involved in the investment equivalent of a game of musical chairs.

3 M2 includes M1 (currency and coins held by the non-bank public, checkable deposits, and travellers' cheques) plus savings deposits (including money market deposit accounts), small time deposits under $100,000, and shares in retail money market mutual funds. Year-on-year, as at 22 June 2020. Source: https://fred.stlouisfed.org/series/M2#0.

Fig. 2: US M2 Money Stock, Percent Change from a Year Ago



Source: Federal Reserve Bank of St. Louis.

The rest of the stock market, outside of these popular sectors, is behaving much more like one might expect in a major economic collapse. That is, their stock prices have fallen significantly and although they have bounced from their March lows, they remain well below pre-COVID levels.

Many companies in these out-of-favour sectors, when assessed against a likely three-year recovery period, represent attractive investments. It is amongst these companies that we see the real opportunities arising from the current crisis.

Typically, these companies either have greater sensitivity to economic growth, or in some cases have been directly impacted (e.g. travel-related businesses) by the lockdowns.

It is worth noting, that as the world recovered from the GFC, it was precisely these types of companies that made the best investments over the following two to three years. What is unknown of course, is precisely when we will see these investments perform. Most likely, this will occur with some swings and roundabouts, in line with the broad recovery in economic activity that we expect to come through over the next three years or so. Potentially, as government spending moves toward longer-term projects, such as infrastructure or decarbonisation of the economy, this could well accelerate the recovery for many of these economically sensitive sectors. These opportunities are further discussed in the Platinum International Fund report.

MSCI Regional Index Net Returns to 30.6.2020 (USD)

REGION	QUARTER	1 YEAR
All Country World	**19.2%**	**2.1%**
Developed Markets	**19.4%**	**2.8%**
Emerging Markets	**18.1%**	**-3.4%**
United States	**21.6%**	**7.8%**
Europe	**15.4%**	**-7.2%**
Germany	26.5%	-2.6%
France	16.1%	-10.3%
United Kingdom	7.8%	-17.7%
Italy	16.1%	-11.4%
Spain	10.3%	-21.0%
Russia	18.7%	-13.0%
Japan	**11.6%**	**3.1%**
Asia ex-Japan	**16.7%**	**1.7%**
China	15.3%	13.1%
Hong Kong	9.2%	-14.7%
Korea	19.5%	0.4%
India	20.6%	-17.0%
Australia	28.9%	-11.5%
Brazil	9.2%	-32.1%

Source: FactSet Research Systems.
Total returns over time period, with net official dividends in USD.
Historical performance is not a reliable indicator of future performance.

MSCI All Country World Sector Index Net Returns to 30.6.2020 (USD)

SECTOR	QUARTER	1 YEAR
Information Technology	30.0%	31.8%
Consumer Discretionary	28.6%	9.3%
Materials	25.6%	-4.6%
Communication Services	19.8%	8.9%
Energy	17.8%	-34.0%
Industrials	17.4%	-7.9%
Health Care	15.3%	14.6%
Financials	12.0%	-17.7%
Consumer Staples	9.1%	-0.2%
Utilities	6.6%	-2.3%

Source: FactSet Research Systems.
Total returns over time period, with net official dividends in USD.
Historical performance is not a reliable indicator of future performance.

Will the Pandemic Change our Spending Habits Long Term?

by James Halse, CFA, Portfolio Manager*

Overview

In response to the global pandemic, we have altered our behaviour in innumerable ways. Enforced social distancing and isolation measures caused changes to our patterns of movement, our consumption habits, and our daily exercise and culinary routines. These adjustments have had a major detrimental impact on many businesses, while strongly benefiting others.

As investors, we need to not only assess the immediate consequences of changed consumer behaviour, but also ask the more important question – to what extent, if any, are we likely to see permanent alterations to the way people engage with the world, and how may that influence the business performance, and ultimately the stock prices, of our universe of potential investments?

Immediate Impact

There are now reams of data available that illustrate how consumers and businesses have responded to an environment of social distancing and lockdowns. As may be expected, discretionary spending on items such as clothing and motor vehicles collapsed, partially offset by large increases in spending on non-discretionary categories – i.e. canned food and toilet paper.

Fig. 1: Retail Discretionary vs. Non-Discretionary Spend
% Year over Year by Week

Source: Facteus/Bernstein, US card transaction data.

With offices closed and employees working from home, commuter traffic collapsed, impacting sales of everything from petrol and chocolate bars at petrol-station counters,[1] to McDonald's breakfasts[2] and Starbucks' coffees.[3] Sales of business suits and other office attire have collapsed, along with purchases of party outfits and swimwear, partially offset by a spike in sales of loungewear as people seek to offset the discomfort of working at the kitchen table with more comfortable clothing.[4] Meanwhile, purchasing related to the olfactory sense experienced a shift away from perfumes and toward scented candles,[5] and Procter & Gamble's shaving-related revenues fell as men (and women) focused less on personal grooming.[6]

In purchases of apparel and other goods, we can observe an accelerated shift to e-commerce as stores were either closed or avoided.[7] This e-commerce shift can also be seen in food consumption, as the number of restaurants and consumers using food delivery platforms spiked with the closure of restaurants for dining in.[8] Grocery e-commerce also exploded from a low base, even as physical supermarket stores themselves saw a jump in sales as people were forced to cook more at home.[9]

Airlines, hotels, entertainment venues and tourist attractions experienced an evaporation of demand as international travel all but stopped and venues were required to close.

1 Hershey Q1 2020 Earnings Call.

2 https://www.eater.com/2020/5/7/21250554/fast-food-chain-breakfast-sales-down-coronavirus-mcdonalds-tim-hortons-taco-bell

3 https://www.marketplace.org/2020/06/11/starbucks-fast-food-breakfast-takeout-delivery/

4 ASOS Q2 2020 Earnings Call.

5 https://www.allure.com/story/fragrance-industry-covid19-pandemic

6 Procter & Gamble Q3 2020 Earnings Call.

7 https://www.essenceglobal.com/article/covid-19-restrictions-accelerate-australias-ecommerce-growth

8 https://www.wired.com/story/delivery-apps-offer-restaurants-lifeline-cost/

9 Walmart Q1 2021 Earnings Call.

*James Halse, CFA, BA/LLB Hons, LLM Hons (Auckland), joined Platinum in 2011 having previously worked at CP2 (formerly Capital Partners) as an equities analyst and for Deloitte in New Zealand as a tax consultant. James worked within the consumer sector team at Platinum before becoming manager of the Platinum International Brands Fund in February 2017. James is the sector leader of the consumer team.

Meanwhile, video game console and software sales erupted and video streaming and social media services saw a spike in usage as people spent more time on their couches,[10] and liquor stores saw an influx of customers who would otherwise have been drinking at a bar or pub in the absence of the pandemic.[11] With physical betting shops and casinos closed, online betting providers gained, as increased spending on online poker and casino games more than offset the loss of sports betting revenues from the cancellation of live sport.[12]

Where are the Opportunities to be Found?

While these immediate behavioural changes are interesting, our focus as investors should be skewed much more to the long term, rather than fixating on current trends as many commentators tend to do. Where stock prices have been hit due to pandemic-related business disruption, interesting investment opportunities can arise. An opportunity is interesting if we can be satisfied sales will recover and the company has the financial strength to survive the temporary demand interruption. Similarly, a temporary increase in sales generally does not significantly increase the long-term value of a company, so opportunities arise where the market is too focused on short-term sales outperformance and re-rates stock prices upward in situations where companies were only temporarily in the right place at the right time.

It is simply a matter of time until humans largely revert to previous patterns of behaviour. Hopefully, that is because an effective vaccine becomes widely distributed (a high probability in our view), but it could also be because we learn to live with the risks that come with COVID-19. The latter idea has precedents in societal attitudes toward the risks of influenza (12,000-61,000 deaths per year in the US),[13] driving a car (~40,000 deaths),[14] playing contact sport, skiing, skateboarding,[15] or even drinking alcohol (88,000 deaths)[16] and smoking (480,000 deaths).[17]

10 https://www.forbes.com/sites/markbeech/2020/03/25/covid-19-pushes-up-internet-use-70-streaming-more-than-12-first-figures-reveal/#25db0ae23104

11 AC Nielsen / Bernstein.

12 The Stars Group First Quarter and General Business Update, April 17, 2020.

13 https://www.cdc.gov/flu/about/burden/index.html#:~:text=While%20the%20impact%20of%20flu,61%2C000%20deaths%20annually%20since%202010.

14 https://ohsonline.com/articles/2019/02/18/nsc-motor-vehicle-deaths.aspx

15 Participation in sports results in around 3.5 million injuries per year to children under 14 in the US that are bad enough to cause them to reduce their participation in the sport for a period.

16 https://www.niaaa.nih.gov/publications/brochures-and-fact-sheets/alcohol-facts-and-statistics#:~:text=Alcohol%2DRelated%20Deaths%3A,poor%20diet%20and%20physical%20inactivity.

17 https://www.cdc.gov/tobacco/data_statistics/fact_sheets/fast_facts/index.htm#:~:text=Cigarette%20smoking%20is%20responsible%20for,or%201%2C300%20deaths%20every%20day.&text=On%20average%2C%20smokers%20die%2010%20years%20earlier%20than%20nonsmokers.

Step-Change in Behaviour

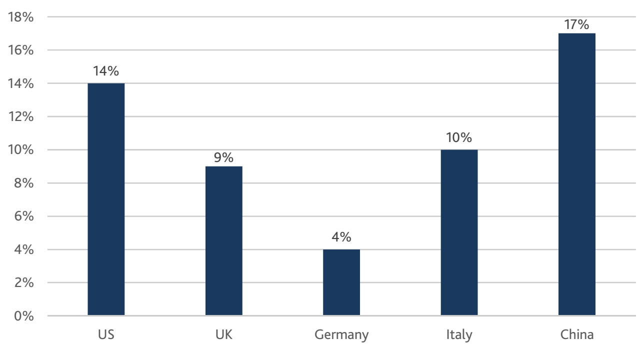
While we will generally revert to previous patterns of behaviour, there are two areas where the pandemic has caused a step-change in previously observable trends, to the benefit or detriment of various businesses. These areas, the implications of which are discussed in detail below, can be categorised as:

1. An acceleration of the shift to digital
2. The increased casualisation of work

The consumer shift from the offline to the online world is a widely discussed and well-established trend. Consumers have increasingly turned to their smartphones, tablets, personal computers and internet-enabled smart TVs to facilitate their consumption of physical goods, services and media. This trend would have continued to its ultimate endpoint with or without a global pandemic, but because of COVID-19 the journey is likely to be swifter.

COVID-19 has driven consumer adoption of digital tools by those who previously may have seen too many hurdles to using such tools. Whether that is the retiree who downloaded a betting app to his smartphone for the first time because his local TAB was closed, or the parent who signed up for online delivery of the weekly grocery shop in order to avoid visiting a crowded supermarket with a mouthing infant, much of this new behaviour is likely to persist in a post-COVID world. The pandemic was the impetus for overcoming the frictions to adopting these new channels, the time required to learn how to use an app and a likely fear of technology in the former case, and the effort of entering personal details and populating an online shopping list coupled with a likely fear of receiving lower-quality fresh products in the second case.

Fig. 2: Consumer Shopping Online for the First Time in COVID-19

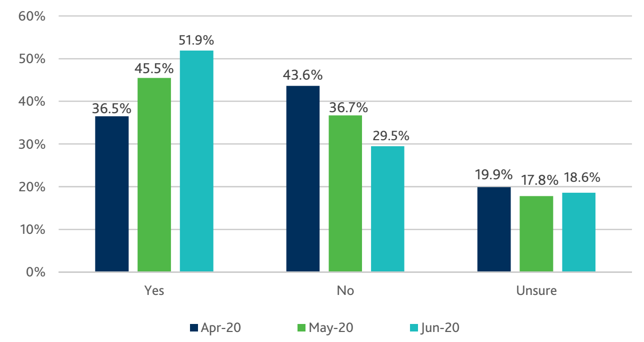


Source: BCG Consumer Sentiment Survey (April 2020; N=5729), Bernstein analysis.

These frictions are real, but once overcome, the new way of doing things demonstrates its inherent superiority – at least with respect to many use cases. Yes, for a day of casual betting with friends, the TAB or sports-bar will still be the go-to option in a post-COVID world, but there is no longer the need to pop into a TAB to place a one-off bet on a sports team, or to act on a hot tip in race three. Likewise, once set up, the weekly shopping list requires only minor additions or deletions, and worries about over-ripe bananas may be assuaged with a quick dash to the local fruit and vegetable store. The saving in time and anguish is all too apparent to a parent familiar with the unfortunate appeal of the supermarket as a venue for infant tantrums.

With many having experienced the advantages of working from home and removed much of the friction through setting up a home workstation, an increasing number of employees are likely to choose to work from home into the future, at least for some of the workweek, as evidenced by Fig 3.

Fig. 3: Would You Prefer to Continue Working from Home After the Pandemic is Over?



Source: UBS Evidence Lab.

Employers are likely to allow this, as they have most probably seen an improvement in productivity, and increased flexibility drives employee loyalty, which reduces costly attrition.[18] Concerns around implications for organisational culture and cohesion are legitimate, but one day per week or maybe fortnight out of the office should be eminently workable.

Additionally, people have grown used to the sight of colleagues in casual clothing via video screen, so enforcing traditional business attire in the office becomes even less defensible, further accelerating the trend to casualisation of apparel that has been underway for decades. Indeed, Platinum, one of the last bastions of the compulsory neck-tie, has now freed the Adam's Apple, leading to much rejoicing amongst male team members!

Within the framework outlined above, we can examine the observed changes in consumer spending patterns and infer where we are looking at a permanent behavioural shift that will have permanent implications for the sales and profits of affected businesses. However, for the purposes of uncovering attractive investment opportunities, this is only part of the picture. Second-order thinking requires us to look past the apparent impact and examine the ultimate implications. For example, reduced store foot traffic and the shift to e-commerce is bad for department and mall specialty store sales and margins, but with many large chains permanently closing large numbers of stores, there is plenty of market share available for better-positioned brick and mortar survivors to take a cut alongside the e-commerce pure plays.

Starbucks and McDonald's are likely to experience permanent hits to revenues as a result of reduced commuter traffic, as well as a hit to margins as they pay UberEats for delivery orders. However, in the near term they could gain market share from the large number of less well-capitalised small cafés and restaurants that have gone out of business during the pandemic. In this case though, we will likely see a resurgence of competition in the medium term as new aspiring café and restaurant owners take over vacant space, most likely at reduced rental rates that should put the new independents in stronger competitive positions. This contrasts with the department store situation, where closures are likely permanent (they already had very low or no rents due to their status as anchor tenants).

Permanent vs. Temporary Beneficiaries?

So, which sectors and companies likely see a permanent increase or acceleration of demand as a result of the pandemic, and which are experiencing a temporary blip? While this is not the forum for a comprehensive analysis, we provide a few standout examples below to add to the cases discussed above.

The most obvious temporary impact has been in sales of household essentials such as toilet paper and canned soup. One can only use so much toilet paper (though we will likely use more at home than at work in the future), and the reasons for buying extra canned soup disappear in the absence of a pandemic. Sales of hand sanitiser, bleach and cleaning wipes may stay stronger for longer, but are likely to revert to normal levels soon after the end of the pandemic.

18 https://www.inc.com/scott-mautz/a-2-year-stanford-study-shows-astonishing-productivity-boost-of-working-from-home.html

E-commerce pure-plays such as Amazon in general merchandise, or Zalando in European apparel, are currently the big winners as the rate of online adoption has permanently increased, and many stores will not reopen. Current elevated growth rates are unlikely to persist for long, but the spike in penetration will not reverse and indeed, we are yet to really see a slowdown in e-commerce, even as stores and restaurants reopen.[19] US digital grocery sales, for example, continued to see an acceleration even as lockdown restrictions were eased through May as shown in Fig. 4.

19 OpenTable restaurant reservations are now back to 70% of normal, while food delivery orders have grown consistently in the high 80% range from mid-May through June (Source: YipitData).

Fig. 4: Online Grocery Delivery & Pickup

Performance Metrics	Aug 2019	March 2020	April 2020	May 2020
Sales (Past 30 days)	$1.2 B	$4.0 B	$5.3 B	$6.6 B
Spend (Average per order)	$72	$82	$85	$90
Orders (# Past 30 days)	16.1 M	46.9 M	62.5 M	73.5 M
Customers (# Active during past 30 days)	13.1 M	39.5 M	40.0 M	43.0 M
Frequency (Monthly average/customer)	1.0	1.2	1.6	1.7

Source: Brick Meets Click/Mercatus Grocery Survey, May 2020; Brick Meets Click/Symphony Retail/AI Grocery Survey, April 2020; Brick Meets Click/ShopperKit Grocery Survey, March 2020; Brick Meets Click Grocery Survey, August 2019.

Large grocery retailers that have implemented compelling e-commerce options such as curbside pickup and home delivery have likely captured market share from smaller chains and independent grocery businesses during the pandemic. These customers are unlikely to revert entirely to their old ways in a post-pandemic world, having discovered the convenience of the new offer. While the economics of grocery home delivery are difficult, the 'pickup from store' option outsources the last-mile to the customer, so carries only the incremental cost of picking and packing the order and can be positive for overall profits, if enough orders are incremental to existing revenues rather than cannibalistic. Order profitability is assisted by the larger average basket size of online grocery orders when compared to instore purchases.

Retail landlords will see reduced incomes into the future due both to the acceleration toward digital purchases away from store purchases, as well as reduced traffic in central business district (CBD) locations, with more employees working from home making the economics of CBD stores (at current rents) less desirable for cafés, restaurants and clothing shops.

Where then, are the best buying opportunities for investors to be found at this time? We suspect that it will not be among the most obvious beneficiaries of the pandemic, which have already seen their favourable positioning expressed in strong share price action, but more likely among those businesses facing sizeable disruption to their operations, that are nevertheless likely to benefit longer term as weaker competitors exit the industry. The combination of weak short-term trends and uncertainty as to the duration of such trends, tends to lead to extreme negative market sentiment, creating attractive entry prices and implied returns for investors willing to look out over the horizon.

Platinum International Fund

Andrew Clifford
Portfolio Manager

Clay Smolinski
Portfolio Manager

Performance

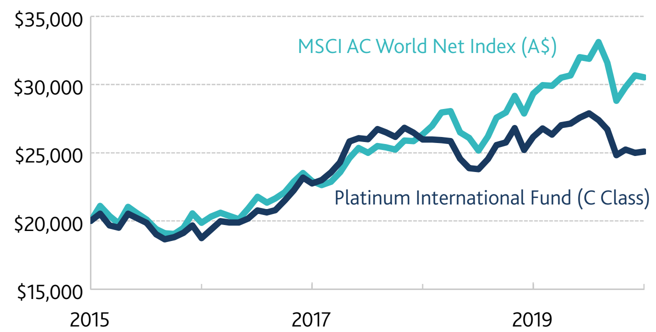
(compound p.a.+, to 30 June 2020)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Fund*	1%	-4%	3%	5%	12%
MSCI AC World Index^	6%	4%	10%	9%	7%

+ Excluding quarterly returns.
* C Class – standard fee option. Inception date: 30 April 1995.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI All Country World Net Index in AUD.
Source: Platinum Investment Management Limited, FactSet Research Systems.
Historical performance is not a reliable indicator of future performance.
See note 1, page 40. Numerical figures have been subject to rounding.

Value of $20,000 Invested Over Five Years

30 June 2015 to 30 June 2020



After fees and costs, before tax, and assuming reinvestment of distributions.
Historical performance is not a reliable indicator of future performance.
Source: Platinum Investment Management Limited, FactSet Research Systems. See notes 1 & 2, page 40.

Global equity markets have staged an extraordinary rally, up 6% over the quarter, to be just 12% below their February peak,[1] despite the global economy only just starting to recover from the depths of the largest economic setback in modern economic history. The remarkable nature of this feat is further highlighted when considering that at the start of the year, equity markets had been in a 10-year bull market and the global economy was in reasonable shape, albeit recovering from a manufacturing recession.

As we have discussed at length in our Macro Overview, while economic activity around the world is picking up from April's trough, the performance of the stock market can best be attributed to initiatives by governments and central banks around the world to backstop the collapse in economic activity as a result of the COVID-related lockdowns. In short, central banks, in conjunction with their governments, have created a significant increase in the amount of money outstanding in the economy. In the US alone, M2 money supply was up 25% on a year-on-year basis in June,[2] at a time when economic output was collapsing. Inevitably, this is inflationary, and it hasn't appeared in the price of goods and services, but in the price of bonds (reflecting further falls in interest rates) and certain sectors of the equity market.

Within equities, investors at a time of significant uncertainty have further increased their preference for ownership of businesses that are fast growing or defensive in nature, which is a reasonable response, except for the already very high valuations of these companies. The result has been a further widening of the differential in valuations and stock price performance between 'growth' stocks and 'value' stocks.[3] This is illustrated in Fig. 1 (overleaf), which shows that growth stocks have returned 35% over the last two years vs. 0.2% for value stocks. Interestingly, of this differential, around 25% occurred in the first six months of 2020.

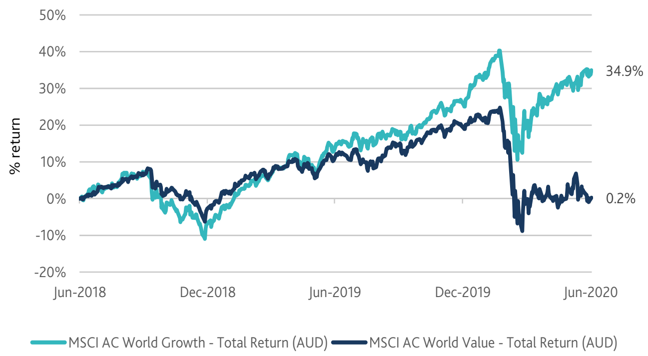
1 MSCI AC World Net Index. All index and market returns in this Platinum International Fund report are in AUD terms and sourced from FactSet Research Systems, unless otherwise specified.

2 As at 22 June 2020. Source: https://fred.stlouisfed.org/series/M2#0

3 Growth stocks are the top 20% of stocks with the highest price to book (P/B) and value stocks are the 20% of stocks with the lowest P/B. The P/B is a ratio of a company's current share price to its book value.

Fig. 1: MSCI Total Return Index - Value vs. Growth (AUD)

June 2018-June 2020



Source: MSCI, Platinum Investment Management Limited.

In the US market, where the data sets on value versus growth returns stretches back to the 1930s, the long record shows value has significantly outperformed growth. The last 13 years represents the longest winning streak for growth by a large margin. When one also considers that growth stocks are trading at around their highest valuations on record, 10-year government bond yields are below 1% across the developed world, at a time when government debt is rising rapidly (funded by central banks in many cases), in the midst of a global pandemic and a global economic collapse, it is clear that with respect to financial markets, we are sailing into uncharted waters.

In this context, the cautious positioning of the Fund (C Class) has resulted in significantly reduced investment returns over the 12-month and three-month period to 30 June, entirely attributable to losses on our short positions.[4] This again, raises the question of the merits of holding short positions at all. Certainly, in periods where markets are rising, it will always appear to be a futile exercise. However, as we stated earlier, we are in an unprecedented environment in financial markets and we continue to be of the view that maintaining short positions and cash holdings is appropriate to provide a level of downside protection.

The long portfolio in the Fund has performed slightly better than the market over the last quarter. Among the best contributors to performance were **ZTO Express** (China, express parcel delivery, up 39%), **Microchip Technology** and **Skyworks Solutions** (semiconductors, up 55% and 43% respectively), and **LG Chem** (batteries for electric vehicles and petrochemicals, up 61%).

4 References to returns and performance contributions (excluding individual stock returns) in this Platinum International Fund report are in AUD terms. Individual stock returns are quoted in local currency terms and sourced from FactSet Research Systems, unless otherwise specified.

Changes to the Portfolio

The net invested position of the portfolio has increased from 60% to 78% over the quarter. However, this positioning does not fully reflect the cautiousness of our current views on markets. We have closed some short positions as markets moved enthusiastically higher, and opened other short positions later in the quarter. We are continuing to look for new opportunities to provide downside protection for the Fund.

We continued to add to positions across a range of stocks that have suffered from the disruption to domestic and international travel. The travel industry is not only one of the most heavily impacted industries by the COVID-related lockdowns, but also has the longest recovery timeframe. Nevertheless, our view is that travel will return to favour in time and that the advent of an effective vaccine will facilitate a recovery. Either way, we expect it is likely to take at least three years to recover to prior levels and business travel will

Disposition of Assets^

REGION	30 JUN 2020	31 MAR 2020	30 JUN 2019
North America	28%	26%	23%
Asia	27%	29%	35%
Europe	18%	15%	16%
Japan	13%	12%	9%
Africa	1%	1%	1%
Cash	13%	16%	16%
Shorts	-9%	-24%	-22%

^ With effect from 31 May 2020, our country classifications for securities were updated to reflect Bloomberg's "country of risk" designations. These changes have been backdated to prior periods.
See note 3, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	30 JUN 2020	31 MAR 2020	30 JUN 2019
Information Technology	17%	13%	8%
Industrials	16%	12%	10%
Financials	11%	11%	16%
Materials	10%	6%	9%
Consumer Discretionary	10%	8%	5%
Health Care	8%	9%	2%
Communication Services	8%	8%	13%
Real Estate	2%	2%	3%
Energy	2%	2%	5%
Utilities	0%	0%	0%
Consumer Staples	-2%	-3%	1%
Other*	-3%	-10%	-12%
TOTAL NET EXPOSURE	78%	60%	62%

* Includes index shorts and other positions.
See note 4, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

potentially take longer, given the improved effectiveness of video conferencing solutions, such as Zoom. It should be remembered though, that prior to the pandemic, the travel industry had showed steady growth for many years. Obviously, companies that rely on travel have seen their businesses severely disrupted and not surprisingly their share prices sharply collapse. This has provided an interesting opportunity to buy high-quality travel-related businesses.

As such, travel has become a key theme within the portfolio and was a major focus of our purchases during the quarter. Companies include **Booking Holdings**, the owner of the world's largest online travel agent, and aerospace businesses, such as **General Electric**. We also added to our position in **Medallia**, a provider of customer experience management software, **Ally Financial**, a leading online bank and auto lender in the US, and **FedEx**, the US parcel delivery company.

Funding for these acquisitions was provided by the trimming of a number of our strong performers, such as **ZTO Express**, **Microchip** and **Bharti Airtel** (Indian mobile phone network), as well as exiting **Moderna** (a biotech company, which amongst other research and development projects was one of the first to trial a coronavirus vaccine).

With respect to our currency exposure, notable changes included the removal of our remaining Chinese yuan hedge and increasing our euro exposure (from 18% to 23%). This further reduced the Fund's exposure to US dollars (from 20% to 11%). Our view is that the US dollar is likely to come under pressure at some point, as a result of the aggressive creation of new money by the US Federal Reserve, relative to its global counterparts.

Net Currency Exposures+

CURRENCY	30 JUN 2020	31 MAR 2020	30 JUN 2019
Euro (EUR)	23%	18%	10%
Japanese yen (JPY)	19%	22%	15%
Chinese yuan (CNY)	18%	18%	22%
US dollar (USD)	11%	20%	36%
Australian dollar (AUD)	11%	10%	4%
Korean won (KRW)	6%	6%	5%
Hong Kong dollar (HKD)	3%	3%	3%
Swiss franc (CHF)	3%	3%	4%
Canadian dollar (CAD)	2%	2%	2%
British pound (GBP)	1%	2%	4%
Indian rupee (INR)	1%	2%	6%
Norwegian krone (NOK)	1%	1%	2%
Zambian kwacha (ZMK)	1%	1%	1%
Thai baht (THB)	0%	0%	1%
Chinese yuan offshore (CNH)	0%	-9%	-15%

+ With effect from 31 May 2020, our currency risk exposure classifications for securities were updated to match the relevant local currencies of the relevant Bloomberg "country of risk" classifications. These changes have been backdated to prior periods.
See note 5, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Outlook

Our key concern relates to where we started this report. When taking into consideration the collapse in the global economy, very low interest rates, aggressive money creation by central banks, rapidly rising government debt, together with stock markets close to all-time highs and at near peak valuations, we are in uncharted waters for financial markets and there are likely to be shocks and surprises. There is the potential for a wide range of outcomes for stock markets and we most certainly expect markets to remain highly volatile for some time to come.

To reiterate, the rest of the stock market, outside a few popular sectors, is behaving much more like one would expect in a major economic collapse. That is, their stock prices have fallen significantly and although they have bounced from their March lows, they remain well below pre-COVID levels.

We expect that the major economies will slowly recover to previous levels of output over a period of three years or more, providing the basis for a strong recovery in earnings for many of the Fund's holdings. When we assess our holdings, we see the potential to earn good returns at the individual stock level over the next three to five years and thus for the portfolio as a whole. We strongly recommend reading the Macro Overview for a greater understanding of what a return to economic activity entails and to emphasise the correlation with the Fund's portfolio positioning.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Samsung Electronics Co	Korea	Info Technology	3.6%
ZTO Express Inc ADR	China	Industrials	3.0%
Amadeus IT Holdings	Spain	Info Technology	2.8%
Ping An Insurance	China	Financials	2.6%
Booking Holdings Inc	US	Cons Discretionary	2.6%
Glencore Plc	Switzerland	Materials	2.6%
Microchip Technology	US	Info Technology	2.6%
Alphabet Inc	US	Comm Services	2.5%
General Electric Co	US	Industrials	2.4%
LG Chem Ltd	Korea	Materials	2.4%

As at 30 June 2020. See note 6, page 40.
Source: Platinum Investment Management Limited.
For further details of the Fund's invested positions, including country and industry breakdowns and currency exposures, updated monthly, please visit https://www.platinum.com.au/our-products/pif.

Platinum Unhedged Fund

Clay Smolinski
Portfolio Manager

Performance

(compound p.a.+, to 30 June 2020)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Unhedged Fund*	6%	-6%	3%	6%	10%
MSCI AC World Index^	6%	4%	10%	9%	7%

+ Excludes quarterly returns
* C Class – standard fee option. Inception date: 28 January 2005.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI All Country World Net Index in AUD.
Source: Platinum Investment Management Limited, FactSet Research Systems.
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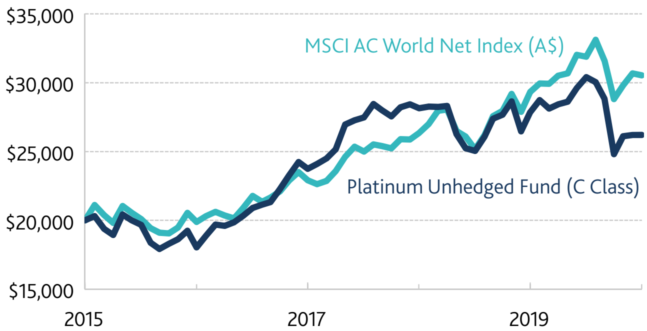
Value of $20,000 Invested Over Five Years

30 June 2015 to 30 June 2020



After fees and costs, before tax, and assuming reinvestment of distributions. Historical performance is not a reliable indicator of future performance. Source: Platinum Investment Management Limited, FactSet Research Systems. See notes 1 & 2, page 40.

The Fund (C Class) rose 5.7% over the quarter, as global markets continued to climb from their recent March lows.[1]

A number of our larger holdings were the major contributors to this performance, notably:

- **LG Chem:** LG Chem is one of four major battery suppliers for electric vehicles globally. Post COVID, a number of European countries have enacted stimulus plans that include generous subsidies for electric vehicles aimed at speeding up the transition to electric.[2] LG Chem, with 50% market share for European electric models, is well placed to benefit from this initiative, with the stock rising 61% over the quarter in response.
- **ZTO Express:** ZTO is China's largest e-commerce parcel express network, delivering 12 billion packages in 2019. ZTO benefited from both faster parcel volume growth,[3] as a whole new cohort of consumers was introduced to ordering online during the lockdown, and continued evidence it is widening its lead versus competitors in terms of service quality and cost structure. The stock rose 39% over the quarter.
- **Skyworks Solutions**: Skyworks specialises in making radio frequency (RF) chips for smartphones, with the RF chip being a central input into how fast phones can handle data. The evolution of wireless standards (e.g. 3G to 4G to 5G) is a tailwind for Skyworks, as it both increases the complexity of the RF chips required (therefore increasing the dollar content value Skyworks sells into each phone) and fuels a reason to upgrade your phone. As the global roll-out of 5G approaches, investors have again focused on this growth opportunity for Skyworks, with the stock rising 43% over the quarter.

These three holdings are good examples of our investment approach. Whilst electric vehicles, e-commerce growth and 5G are themes exciting investors today, when we invested in

1 References to returns and performance contributions (excluding individual stock returns) in this Platinum Unhedged Fund report are in AUD terms. Individual stock returns are quoted in local currency terms and sourced from FactSet Research Systems, unless otherwise specified.

2 The subsidies along with tighter CO_2 regulations have the potential to push electric vehicle sales in Europe from 2% of cars sold in 2019, to over 10% by 2022. Source: Platinum Investment Management Limited.

3 Total Chinese e-commerce parcel volume was growing 25% pre COVID vs.40% today. Source: Chinese State Postal Bureau.

each of these businesses, this attractive future was being ignored with investors instead focused on problems of the day.

The main detractors from performance were Chinese live streaming and dating app **Momo,** which saw its price fall 19% over the quarter as investors questioned whether revenue falls in its live streaming business during COVID could be the start of a more persistent downtrend, and **General Electric**, which fell 14% on general fears of how long a recovery in air travel will take.

Changes to the Portfolio

When a growth industry has a major setback, it can be a very profitable source of ideas[4] and over the past four months we have used the dislocation in the travel market to add a select group of travel businesses to the portfolio.

Given the shock to the industry, there are considerable concerns about the future size and growth of the travel market. In assessing these concerns and the likely shape of the future we can refer to the:

- Base rate (what does history tell us about future outcome probabilities?)
- Recent drivers/trends
- Inside view (how the world may have permanently changed vs. history).

Base Rate - Historical trends point to travel being one of the world's most consistent growth industries, with the annual number of air passengers having grown at 5.6% p.a. ***compound for 50 years***. More recently, it has grown 6% p.a. over the last decade.[5] Notably, this track record of growth occurred over a period that contained recessions, wars, oil shocks and the introduction of multiple technologies (e.g. the internet, live streaming) that would theoretically reduce the need for travel.

Recent trends – Recent drivers of travel growth have included booming demand from emerging markets as disposable incomes rise, a trend in the West of consumers allocating more spending towards 'experiences' and the continued reduction in the cost and accessibility of travel thanks to low-cost carriers and platforms such as Airbnb. These drivers are unlikely to have gone away.

Inside view - So, the past points to a powerful growth pulse in travel, but how may have COVID specifically changed this?

4 Good examples include the semiconductor industry during the trade war, the bond ratings agencies post the global financial crisis, or the payments industry during the 2010 regulatory wave.

5 Source: International Civil Aviation Organisation.

Disposition of Assets^

REGION	30 JUN 2020	31 MAR 2020	30 JUN 2019
North America	41%	36%	30%
Asia	27%	26%	34%
Europe	22%	19%	17%
Japan	7%	6%	4%
Cash	3%	13%	16%

^ With effect from 31 May 2020, our country classifications for securities were updated to reflect Bloomberg's "country of risk" designations. These changes have been backdated to prior periods.
See note 3, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	30 JUN 2020	31 MAR 2020	30 JUN 2019
Industrials	26%	20%	18%
Information Technology	20%	17%	10%
Communication Services	13%	13%	13%
Financials	11%	10%	16%
Health Care	10%	10%	3%
Materials	7%	5%	2%
Consumer Discretionary	6%	5%	3%
Real Estate	4%	4%	4%
Energy	2%	3%	8%
Consumer Staples	0%	0%	6%
TOTAL NET EXPOSURE	97%	87%	84%

See note 4, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Currency Exposures+

CURRENCY	30 JUN 2020	31 MAR 2020	30 JUN 2019
US dollar (USD)	40%	38%	30%
Euro (EUR)	18%	14%	12%
Chinese yuan (CNY)	17%	17%	23%
Japanese yen (JPY)	7%	10%	9%
Korean won (KRW)	5%	5%	4%
Indian rupee (INR)	4%	8%	6%
British pound (GBP)	3%	3%	4%
Swiss franc (CHF)	2%	2%	1%
Canadian dollar (CAD)	2%	1%	2%
Hong Kong dollar (HKD)	2%	2%	4%
Australian dollar (AUD)	0%	0%	4%
Norwegian krone (NOK)	0%	0%	1%
Russian ruble (RUB)	0%	0%	1%

+ With effect from 31 May 2020, our currency risk exposure classifications for securities were updated to match the relevant local currencies of the relevant Bloomberg "country of risk" classifications. These changes have been backdated to prior periods.
See note 5, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

There are two major issues:

1. COVID has impacted *confidence* (whether that be individuals, corporates or governments) in travelling safely.
2. For corporate travel the universal *adoption of video calls* during COVID may reveal that a portion of corporate travel was unnecessary.

On the issue of confidence, while this will repair in time, clearly a vaccine/therapeutic is required for more rapid improvement. The advances in drug discovery technology, along with the fact that the resources of the world are focused on this task, gives us confidence a treatment will be found faster than many expect.[6]

On video calls, we have no doubt they will reduce certain categories of business travel, the question is by how much? This comes down to a judgement call about the value of face-to-face contact in a business setting. The observation is that video calls work best when you know the participants well and have an established relationship (e.g. a board meeting). There is also a competitive element, if your competitors' sales staff are meeting customers in person, a heavy reliance on virtual contact may be wishful thinking. All up, once we segment corporate travel by purpose, it's prudent to assume video calls will displace 20-25% of corporate travel, which given corporate travel is roughly 30% of total travel by passengers, would result in the total market shrinking by 8%.[7]

Overall, while the industry will rebase lower, there are good reasons to believe it will return to growth and if it is anything like what occurred in the past decade, lost ground would be made up relatively swiftly once confidence returns.[8]

Stepping from the industry view to the fortunes of specific companies, it's important to remember the travel industry is incredibly diverse and we can be very selective in the types of businesses in which we invest. Here, the majority of our holdings are in the capital-light internet booking platforms and software providers to the industry. Take our positions in online travel agents **Booking.com** and **TRIP** (formerly called Ctrip) for example. Both companies have significant cash buffers to weather the storm, primarily serve leisure customers where there are no disintermediation concerns, help hotels fill unsold rooms (where they will never have better access to inventory) and in many cases have seen their competitive positions improve as smaller peers have exited.

6 For more information please see various articles, podcasts and videos by our inhouse virologist and portfolio manager, Dr Bianca Ogden on The Journal section of our website https://www.platinum.com.au/Insights-Tools/The-Journal/.

7 Source: Platinum Investment Management Limited.

8 We can also ponder more positive future situations. Air travel has proven to be incredibly price elastic, with low prices stimulating demand. Post COVID, planes, pilots, fuel and capital are all cheap. It would not be surprising to see this flow through to low ticket prices, which could be very positive in stimulating leisure demand.

Outlook

The juxtaposition is despite facing one of the largest contractions in economic activity in history, most global equity markets are within 5-15% of their pre-COVID highs. This is very different to the experience post 2000 and 2008, where markets took over five years to regain such levels.

Looking within the markets, the contrast is further extended. Investors are flocking into large tech companies and companies perceived to be economically immune, with many of these stocks hitting all-time highs, while the rest of the market is behaving in line with what one would expect during a recession, with prices still well below pre-COVID levels. The narrative explaining this trend, is the unprecedented fiscal and monetary stimulus occurring around the world. As the yields available in fixed income continue to be driven down and new money is created, a portion of this money is flowing into equities, particularly equities that are "comfortable to own".

Given our investment philosophy, we need to be mindful of what's working in markets, without being lured into speculation. In that regard, in line with the examples of LG Chem, ZTO Express and Skyworks, we continue to focus on what will be the interesting investment areas of tomorrow, that are not being priced as such today. With valuation spreads within markets at historical extremes, we are still finding ample opportunity to do so.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Skyworks Solutions	US	Info Technology	4.5%
ZTO Express Inc ADR	China	Industrials	4.2%
Sanofi SA	France	Health Care	3.8%
Microchip Technology	US	Info Technology	3.8%
Facebook Inc	US	Comm Services	3.8%
Applus Services	Spain	Industrials	3.6%
IHS Markit Ltd	US	Industrials	3.4%
Alphabet Inc	US	Comm Services	3.3%
Raiffeisen Bank	Austria	Financials	3.3%
Booking Holdings Inc	US	Cons Discretionary	3.2%

As at 30 June 2020. See note 6, page 40.
Source: Platinum Investment Management Limited.

For further details of the Fund's invested positions, including country and industry breakdowns and currency exposures, updated monthly, please visit https://www.platinum.com.au/our-products/puf.

Platinum Asia Fund

Joseph Lai
Portfolio Manager

Performance

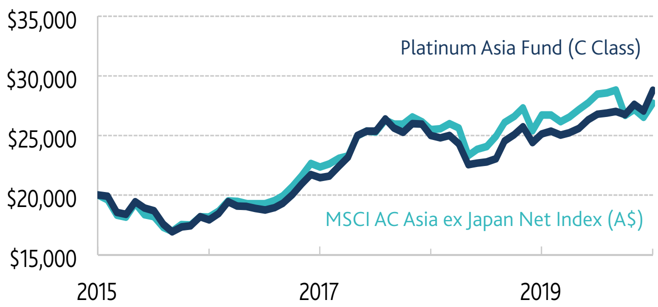
(compound p.a.+, to 30 June 2020)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Asia Fund*	8%	15%	10%	8%	14%
MSCI AC Asia ex Jp Index^	4%	4%	7%	7%	10%

+ Excludes quarterly returns
* C Class – standard fee option. Inception date: 4 March 2003.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI All Country Asia ex Japan Net Index in AUD. Source: Platinum Investment Management Limited, FactSet Research Systems.
Historical performance is not a reliable indicator of future performance. See note 1, page 40. Numerical figures have been subject to rounding.

Value of $20,000 Invested Over Five Years

30 June 2015 to 30 June 2020



After fees and costs, before tax, and assuming reinvestment of distributions. Historical performance is not a reliable indicator of future performance. Source: Platinum Investment Management Limited, FactSet Research Systems. See notes 1 & 2, page 40.

The Fund (C Class) returned 7.7% for the quarter and 14.6% for the year.[1]

After a volatile start to the year, it was an exciting quarter for the Fund, which was well positioned for a market recovery after weathering the steep sell-off earlier in the year.

At the beginning of the quarter, the narrative around "flattening the curve" was well understood. Post the lockdown, returning to work has rejuvenated economic activists. This, coupled with aggressive monetary and fiscal loosening, ignited a truculent rebound in equities.

Stocks in the Fund are predominantly strong Asian companies that we believe will likely be resilient in an obviously difficult environment. **Reliance Industries** (4G operator in India transforming itself into an internet platform) was up 55% over the quarter in local currency terms. **LG Chem** (premier electric vehicle battery manufacturer in South Korea) was up 61% and **Sea Ltd** (internet games and e-commerce player in South East Asia) was up 96% from our entry point to exit point during the quarter. Stocks that are benefiting from a recovery in Chinese domestic tourism also performed well, with **China International Travel Services** (duty free operator) up 129% and **Huazhu** (leading hotel operator in China) up 22%.

The significant recovery in the Australian dollar detracted from our local currency return during the quarter.

Changes to the Portfolio

At the beginning of the quarter, we significantly added to our long exposures, increasing the Fund's net invested position from 64% in early April to above 90% by mid-April. Given the myriad of prospective ideas on offer, the Fund will seek to deploy cash when the risk/reward is right.

After the share price declines in the March quarter, Asian markets were trading on a significant discount versus their average long-term valuations for very well understood reasons. It would have been remiss not to take advantage.

1 References to returns and performance contributions (excluding individual stock returns) in this Platinum Asia Fund report are in AUD terms. Individual stock returns are quoted in local currency terms and sourced from FactSet Research Systems, unless otherwise specified.

Accordingly, we added to new and existing positions that were on offer at mouth-watering valuations. These are strong businesses backed by good management and healthy balance sheets that we believe will do well upon reopening and over the longer term, irrespective of geopolitical tensions. We discuss some of these opportunities in the Commentary section below.

Towards the end of the quarter, index shorts were tactically added to protect a portion of the portfolio, given the increasing prospect of a second wave of COVID-19 in certain countries, reducing the Fund's net invested position to 79% by 30 June. We are of the view that while longer-term fundamentals are still attractive, there is a possibility of shorter-term adjustments, given how far the markets have rallied thus far. This position will be reviewed regularly as fundamentals and market conditions change.

Commentary

With COVID-19, lockdowns, rising geopolitical tensions and protests in different parts of the world, prospects look rather grim. However, it is in these times that attractive investment opportunities emerge. Having lightened our exposure to sidestep the bulk of the stock market turbulence a quarter ago, the Fund shifted its focus to identifying prospective investment opportunities that had seen their valuations slashed given the overwhelming fear that gripped the market.

The investment methodologies that we have always employed are proving to be effective during this time of turbulence. When the market was seeking to sell, we took the opportunity to reverse our shorts. When the valuations of some amazing companies were depressed, we spent our time picking through them meticulously to add to our portfolio.

Our view is that our time-tested investment methods are particularly well suited to these turbulent times and strong companies in Asia are attractively valued given the favourable economic prospects they are facing.

The key pillars of our approach are:

- **We take a long-term view and ignore short-term noise.** We consider how businesses or industries will evolve in three to five years. When one looks far ahead, the picture becomes considerably clearer.
- **We adopt a contrarian approach**. Being open to out-of-favour opportunities, when there is a great deal of fear in the market, can often be the best opportunities.
- **We generate insights**. With great insights, we can overlook the market's current dislike of a stock and make a more accurate assessment of the future potential of a business. Insight also reduces the chance of falling into a value trap and buying companies just because they are cheap. We strive to balance the potential upside with potential risks.

Disposition of Assets^

REGION	30 JUN 2020	31 MAR 2020	30 JUN 2019
China	53%	51%	33%
Korea	12%	8%	9%
Hong Kong	9%	6%	13%
Taiwan	8%	7%	4%
India	8%	4%	12%
Thailand	2%	0%	4%
Vietnam	2%	2%	2%
Macao	1%	0%	0%
Philippines	0%	0%	3%
Cash	5%	22%	19%
Shorts	-16%	-10%	-6%

^ With effect from 31 May 2020, our country classifications for securities were updated to reflect Bloomberg's "country of risk" designations. These changes have been backdated to prior periods.
See note 3, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	30 JUN 2020	31 MAR 2020	30 JUN 2019
Consumer Discretionary	30%	27%	16%
Information Technology	21%	17%	10%
Communication Services	11%	10%	14%
Financials	9%	7%	20%
Consumer Staples	6%	4%	0%
Energy	4%	3%	0%
Real Estate	4%	2%	10%
Materials	4%	1%	1%
Industrials	3%	3%	4%
Health Care	2%	2%	2%
Utilities	0%	0%	1%
Other*	-14%	-8%	-2%
TOTAL NET EXPOSURE	79%	68%	75%

* Includes index shorts and other positions.
See note 4, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Good bottom-up work requires us to think about companies as if we were business owners, so that we can interpret the nuances correctly, given the vast amount of information available. Each stock idea needs to be interrogated by an experienced team of investors who have been doing this for a long time.

Our bottom-up approach helped us to manage the portfolio effectively during the March quarter COVID-related market volatility. Our insight was that only a few countries would be spared from going into lockdown, resulting in a collapse in economic activity, which the market was being too complacent about. We took an aggressive approach to shorting by moving the Fund's net invested position from around 90% at the beginning of the year to mid-50% by the end of February.

This approach also helped us to identify various key themes and stock ideas when it was the right time to buy.

Key themes and examples:

1. **Digitalisation of Indian consumers:** Reliance Industries was traditionally an oil refiner and petrochemical producer. Over the last 10 years, it has built the biggest 4G network in India, growing its user base from zero to around 400 million in just four years.[2] The company recently embarked on an ambitious journey to link online and offline shops to Indian consumers via the smartphone. Facebook, for instance, is working in partnership with **Reliance** to link WhatsApp users to grocery stores. In fact, Facebook was so excited about the opportunity that it invested ~US$6 billion in Reliance's telco business, Jio Platforms. We added significantly to Reliance during the recent market sell-off, before Facebook invested in this highly prospective asset.
2. **Camera lenses for mobile handsets:** Cameras on mobile handsets are a key selling point these days. Smartphone component makers have been out-of-favour with the market because of flat smartphone sales growth. A huge camera upgrade cycle is, however, giving us cause for excitement. Video conferencing has highlighted the importance of having a good camera. We are seeing more camera modules installed in these phones and the resolution of these modules is also getting upgraded. As the number of megapixels and camera modules per device increases, the lens companies are expected to start growing again. **Sunny Optical Technology** (China) and **Largan Precision** (Taiwan) are the dominant lens and camera suppliers to mid- and high-end smartphones. We have taken the opportunity to add to these positions during market weakness.

2 Source: Reliance Industries.

Net Currency Exposures+

CURRENCY	30 JUN 2020	31 MAR 2020	30 JUN 2019
Chinese yuan (CNY)	53%	51%	47%
US dollar (USD)	15%	12%	29%
Korean won (KRW)	12%	7%	9%
Hong Kong dollar (HKD)	9%	10%	14%
Taiwan dollar (TWD)	4%	6%	4%
Thai baht (THB)	2%	0%	-1%
Vietnamese dong (VND)	2%	2%	2%
Indian rupee (INR)	1%	0%	13%
Australian dollar (AUD)	0%	10%	2%
Chinese yuan offshore (CNH)	0%	0%	-15%
Philippine peso (PHP)	0%	0%	-5%

+ With effect from 31 May 2020, our currency risk exposure classifications for securities were updated to match the relevant local currencies of the relevant Bloomberg "country of risk" classifications. These changes have been backdated to prior periods.
See note 5, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Tencent Holdings	China	Comm Services	7.1%
Samsung Electronics Co	Korea	Info Technology	6.0%
Taiwan Semiconductor	Taiwan	Info Technology	5.7%
Alibaba Group Holding	China	Cons Discretionary	5.3%
AIA Group Ltd	Hong Kong	Financials	4.8%
China International	China	Cons Discretionary	4.3%
Reliance Industries Ltd	India	Energy	3.8%
LG Chem Ltd	Korea	Materials	3.6%
Midea Group	China	Cons Discretionary	3.0%
Huazhu Group ADR	China	Cons Discretionary	2.9%

As at 30 June 2020. See note 6, page 40.
Source: Platinum Investment Management Limited.

For further details of the Fund's invested positions, including country and industry breakdowns and currency exposures, updated monthly, please visit https://www.platinum.com.au/our-products/paf.

3. **Food delivery:** Food delivery has been growing but many investors have shunned this sector due to profitability concerns. Our insight on this sector is that food delivery is the extreme version of "economics of the last mile". Food must be delivered to the customer within 30 minutes in China. A dense network of customers means that more meals can be delivered each run. More deliveries per run, means higher profitability. China has two food delivery operators, **Meituan Dianping** and Ele.me. Meituan has a dominant market share, giving it a significant cost advantage that is insurmountable by the smaller players. With Meituan's food delivery business growing by more than 30%,[3] we expect this advantage to skyrocket. This dynamic is under-appreciated by the market. We are happy owners of Meituan.

These companies are leaders in their fields because they have invested billions of dollars in research and infrastructure over many years. They have invested in their long-term future and kept investing while others cut their research budgets and focused on buying back shares or paying out dividends.

Apart from the companies highlighted above, we also own companies like **AIA Insurance, LG Chem** for EV batteries, **Samsung Electronics**, **Taiwan Semiconductor Manufacturing**, **Trip.com**, **JD.com** and **ZTO Express**. All these companies have invested diligently and wisely to secure their leading positions in their respective fields.

3 Source: Meituan Dianping 2019 Annual Report.

Outlook

Starting valuations are a key determinant of future returns. Asian stocks are currently trading on low valuations versus their long-term averages and news headlines can be worrisome.

Economic prospects for the region are, however, favourable. The lack of stimulatory policies implemented thus far has given many countries in the region room to enact policy stimulus if needed. The reversal of lockdowns is kickstarting economic activities from depressed levels across the region as people return to shops and back to work. Development of a vaccine appears to be progressing. Given lacklustre growth globally, monetary and fiscal policies are likely to remain loose, which is supportive of stock markets.

Our bottom-up process is hard at work, generating numerous prospective ideas. The difficulty now, is ranking which ones are the greatest prospects, rather than searching the list for potential gems. It is an exciting time for investors like us, as attractive valuations coincide with significant capacity for further stimulation in Asia.

The Fund will continue to deploy capital in attractive and strong businesses that continue to be under-appreciated by the markets.

Platinum European Fund

Nik Dvornak
Portfolio Manager

Performance

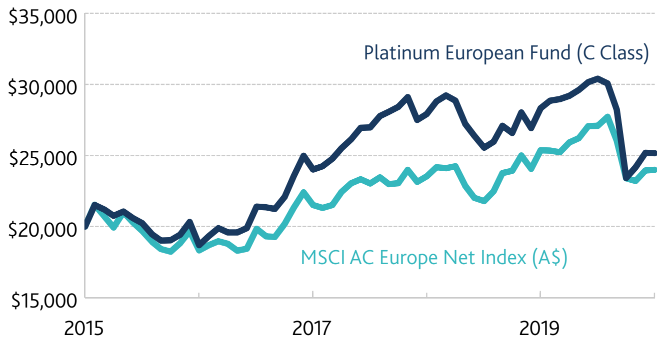
(compound p.a.+, to 30 June 2020)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum European Fund*	7%	-11%	2%	5%	10%
MSCI AC Europe Index^	3%	-5%	4%	4%	3%

+ Excludes quarterly returns.
* C Class – standard fee option. Inception date: 30 June 1998.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI All Country Europe Net Index in AUD.
Source: Platinum Investment Management Limited, FactSet Research Systems.
Historical performance is not a reliable indicator of future performance.
See note 1, page 40. Numerical figures have been subject to rounding.

Value of $20,000 Invested Over Five Years

30 June 2015 to 30 June 2020



After fees and costs, before tax, and assuming reinvestment of distributions.
Historical performance is not a reliable indicator of future performance.
Source: Platinum Investment Management Limited, FactSet Research Systems. See notes 1 & 2, page 40.

The Fund (C Class) returned 7.5% for the quarter. Long positions made a strong contribution to performance, while shorts and currency positions detracted. The latter reflected a significant appreciation of the Australian dollar against most European currencies over the quarter.[1]

European equities rallied this quarter. Markets are responding to a couple of positive developments. Lockdowns successfully impeded contagion, progress is being made in the search for vaccines and restrictions on social contact are being eased. Leading indicators point to a sharp rebound in activity. These include restaurant bookings, mall foot traffic, credit card spending, confidence surveys and purchasing managers' indices.[2] Meanwhile, the deluge of fiscal and monetary stimulus continues unabated.

Cyclicals generally performed well, although we observed significant variation within the group. The market seems especially willing to adopt an optimistic assessment of businesses that are expected to benefit quickly from reopening but remains circumspect when it comes to businesses whose recovery is likely to be slower or more difficult. Our best-performing stocks included **retailers**, **semiconductor manufacturers** and **technology** companies. Our healthcare companies performed broadly in line with the wider market, while our financials and travel-related businesses generally lagged.

Changes to the Portfolio

Companies with strong growth prospects and attractive industry economics have been extremely expensive in recent years. This changed briefly in March and April. We were quick to capitalise on this window of opportunity, adding a number of companies to the portfolio, including **software vendors**, **digital media platforms** and various **healthcare-related businesses**. However, the most attractive opportunities were among **travel-related businesses**.

1 References to returns and performance contributions (excluding individual stock returns) in this Platinum European Fund report are in AUD terms. Individual stock returns are quoted in local currency terms and sourced from FactSet Research Systems, unless otherwise specified.

2 Source: OpenTable; propertynews.pl (Poland), company calls; Bank of America Merrill Lynch; INSEE, ZEW, Ifo, GfK; IHS Markit.

Demand for travel tends to be discretionary, leading to a presumption that demand is fickle. This is not the case. Global air travel has grown from 310 million passengers in 1970 to 4.2 billion in 2018. During this 50-year period, passenger volumes only contracted on three occasions (1980-81, 1993 and 2001-02). The worst episode was a 2.8% fall in passenger numbers in 2001-02.[3]

Naturally, 2020 will be the ultimate exception with the industry deep in uncharted territory. Europe's largest carrier reported a 99.6% fall in passenger volumes in April.[4] Few are willing to buy a business in an industry undergoing such a violent contraction in demand, especially when they've never experienced a global pandemic and have no precedent for when or how it might be resolved.

Therein lies the opportunity. Travellers have disappeared but the innate human desire to travel has not. In early June, Ryanair reported that bookings for July/August were tracking 50% below the 2019 level. This was before any borders had reopened and without any prospect of a vaccine being ready, demonstrating just how fierce the desire to travel still is.

3 Source: World Bank.

4 Source: FactSet Research Systems.

We added three travel-related businesses to our portfolio. Each has attractive industry economics, two or fewer competitors and strong growth prospects. One such company is Amadeus IT Group.

Type a couple of city names and dates into Booking.com and you'll be presented with a menu of airlines, routes, dates, times and prices. You can easily browse various options and book your trip right then and there. The whole process takes minutes and you needn't leave your couch.

Now think back to how it worked before computers. You'd start with a visit to a travel agent to discuss your plans. They would painstakingly call airline after airline, speak to representatives and cobble together a small subset of the options that Booking.com spits at you in under 10 seconds. This process consumed lots of expensive manhours at both travel agencies and airlines. As passenger numbers grew into the billions, automation was needed.

Enter the Global Distribution System (GDS). This is essentially an online marketplace where airlines upload their 'inventory' (number of seats, city pair, date, time, price) and travel agents essentially see what you see on Booking.com. Indeed Booking.com and other 'Online Travel Agencies' are really just portals through which you access a GDS.

Automating distribution was the only way to handle over four billion passengers and countless more enquiries and searches. It also allowed airlines to automate their interactions with travel agents, eliminating the need for an army of representatives. Millions in wage costs were replaced by a EUR 5 fee, per booking, paid to the GDS.

Disposition of Assets^

REGION	30 JUN 2020	31 MAR 2020	30 JUN 2019
Germany	19%	20%	15%
United Kingdom	12%	9%	9%
Spain	9%	8%	7%
Romania	8%	8%	6%
United States*	7%	7%	7%
Norway	7%	9%	11%
Switzerland	6%	9%	10%
France	6%	5%	5%
China	5%	4%	0%
Ireland	4%	4%	3%
Austria	4%	4%	7%
Denmark	3%	2%	2%
Italy	2%	4%	2%
Russia	2%	1%	2%
Poland	2%	0%	3%
Netherlands	1%	1%	0%
Hungary	0%	0%	1%
Cash	4%	3%	9%
Shorts	-21%	-12%	-20%

^ With effect from 31 May 2020, our country classifications for securities were updated to reflect Bloomberg's "country of risk" designations. These changes have been backdated to prior periods.
* Stocks that are listed on US exchanges, but whose businesses are predominantly conducted in Europe.
See note 3, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	30 JUN 2020	31 MAR 2020	30 JUN 2019
Financials	18%	18%	18%
Health Care	18%	17%	14%
Consumer Discretionary	17%	14%	8%
Industrials	16%	17%	21%
Information Technology	8%	7%	5%
Communication Services	8%	7%	3%
Energy	5%	6%	9%
Real Estate	1%	1%	1%
Consumer Staples	0%	0%	-2%
Materials	0%	3%	5%
Other*	-17%	-6%	-11%
TOTAL NET EXPOSURE	76%	84%	71%

* Includes index shorts and other positions.
See note 4, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

GDS economics are wonderful. There are just three providers, barriers to entry are high and customers and suppliers are fragmented. Until recently there were no viable substitutes although, nowadays, e-commerce enables airlines to sell directly, circumventing both the travel agent and GDS.

From these roots, **Amadeus** developed software that airlines use to manage their operations. This software handles functions unique to airlines but also vital to their operation including reservation management (e.g. pricing), inventory (e.g. scheduling) and departure control (e.g. check-in).

Amadeus spends hundreds of millions of dollars developing and maintaining these software systems each year. They then sell them to many airlines, for a fraction of what it would cost each airline to do it for themselves. The airline business is also highly volatile so they prefer to pass these fixed costs to Amadeus and pay them EUR 1 per passenger boarded instead.

This software business also has wonderful economics, being relatively sheltered from competition. The software is specialised and the market is relatively small. Opportunities are few and far between, with contracts lasting 10-15 years and hurdle rates to switching being very high. Not only is switching expensive, it entails a small possibility of massive operational disruption, which any CEO or Board would strive to avoid. This makes it hard for new players to gain a foothold.

Reflecting the attractive industry economics of these two business segments, Amadeus made a 28% operating margin and 18% return on capital over the last decade. Profits tripled over the same period. Their growth is tied to passenger volumes, pricing power and expansion in new end-markets, like hotels. Given the current concern over passenger volumes we were able to buy this business for 16x 2019 earnings.

Net Currency Exposures+

CURRENCY	30 JUN 2020	31 MAR 2020	30 JUN 2019
Euro (EUR)	46%	46%	31%
British pound (GBP)	13%	9%	10%
US dollar (USD)	9%	5%	0%
Romanian leu (RON)	8%	8%	6%
Norwegian krone (NOK)	7%	-3%	15%
Swiss franc (CHF)	6%	9%	25%
Chinese yuan (CNY)	5%	4%	0%
Danish krone (DKK)	3%	2%	2%
Russian ruble (RUB)	2%	1%	2%
Polish zloty (PLN)	2%	0%	3%
Australian dollar (AUD)	0%	19%	4%
Hungarian forint (HUF)	0%	0%	1%

+ With effect from 31 May 2020, our currency risk exposure classifications for securities were updated to match the relevant local currencies of the relevant Bloomberg "country of risk" classifications. These changes have been backdated to prior periods.
See note 5, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Outlook

Economic activity shows signs of rebounding as economies have reopened. However, investors remain concerned that financial markets are being too forgiving in their assessment of the economic outlook. It remains unclear how quickly or smoothly activity can recover from the economic havoc wrought. Nor is the coronavirus pandemic by any means over, with a second wave of lockdowns a non-trivial possibility. A viable vaccine is seen as the only source of salvation but debate remains around timing and effectiveness.

Europe has coped with the current crisis relatively well. Progress has been made to address macroeconomic vulnerabilities, with current accounts in surplus, government budgets balanced and relatively modest levels of debt across the economy. The economy is more resilient to shocks as a consequence. Moreover, the effectiveness and competence of civil administrations were on full display during this turbulent period. Domestic populism and nationalism remain significant risks, as do trade tensions with the United States and an increased willingness to stand up to China.

Overall, we believe the portfolio is well positioned to benefit from a reopening of the European economy. However, we would caution that our stock ideas will likely take time to work. Our exposure is now more balanced between cheap cyclical businesses and high-quality businesses on reasonable valuations and we have increased our shorts in recent weeks. This should provide some downside protection should the recovery prove more erratic than markets expect.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Prosus NV	China	Cons Discretionary	4.7%
BioNTech	Germany	Health Care	4.6%
Hypoport SE	Germany	Financials	4.5%
Booking Holdings Inc	United States	Cons Discretionary	4.4%
Raiffeisen Bank	Austria	Financials	4.1%
Fondul GDR	Romania	Other	4.0%
Beazley PLC	UK	Financials	3.9%
Banca Transilvania	Romania	Financials	3.8%
Amadeus IT Holdings	Spain	Info Technology	3.4%
Roche Holding AG	Switzerland	Health Care	3.1%

As at 30 June 2020. See note 6, page 40.
Source: Platinum Investment Management Limited.

For further details of the Fund's invested positions, including country and industry breakdowns and currency exposures, updated monthly, please visit https://www.platinum.com.au/our-products/pef.

Platinum Japan Fund

Scott Gilchrist
Portfolio Manager

Performance

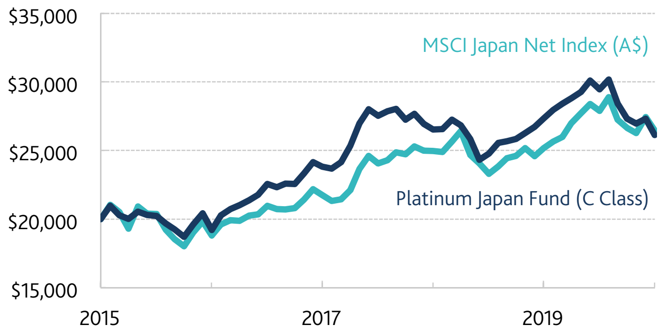
(compound p.a.+, to 30 June 2020)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Japan Fund*	-4%	-4%	3%	5%	13%
MSCI Japan Index^	-1%	5%	7%	6%	3%

+ Excludes quarterly performance.
* C Class – standard fee option. Inception date: 30 June 1998.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI Japan Net Index in AUD.
Source: Platinum Investment Management Limited, FactSet Research Systems.
Historical performance is not a reliable indicator of future performance. See note 1, page 40. Numerical figures have been subject to rounding.

Value of $20,000 Invested Over Five Years

30 June 2015 to 30 June 2020



After fees and costs, before tax, and assuming reinvestment of distributions. Historical performance is not a reliable indicator of future performance. Source: Platinum Investment Management Limited, FactSet Research Systems. See notes 1 & 2, page 40.

The Fund (C Class) returned -4.4% for the quarter and -4.4% for the year.[1]

The Japanese stock market has been falling for two and half years. The Japanese yen has been strengthening for the last five years. The Japanese stock market is now below mid-2015 levels. This bland numerical commentary masks massive underlying shifts in the market composition. Many company valuations are now below previous low levels, while many high-quality companies with decent long-term prospects are selling close to historically low valuations. In contrast, many parts of the market are valued at record levels. This valuation dispersion has not been this prevalent for two decades and is now amongst the widest on record.

The Fund has been positioned both conservatively and with a view that the valuation dispersion would tighten. In the background is the influence of disruption and deflation. Unfortunately, positive contributions from fast-growing, innovative companies like **Nexon** (+38%), **Nintendo** (+15%), **GMO Internet** (+64%) and **CyberAgent** (+26%) have been offset by defensive positioning of a significant part of the portfolio and losses on short positions in companies, which were valued near record levels and rose to record levels.

Commentary

The dramatic structural change in the Japanese stock market was highlighted recently when Toyota confirmed their transition to electric cars and hydrogen fuelled fleets. Their first dedicated electric vehicle (EV) platform will launch in 2022 and they see a line to 2025 when EVs will be easily competitive with conventional drive trains.

Toyota commenced series production of an electric car, the RAV4EV in 1994. The problems were myriad and obvious, similar to the challenges facing the EV industry today. Concurrent with their development of the RAV4EV, Toyota ran a project with the aim of producing a fundamentally more fuel-efficient passenger vehicle. From this engineering process came the optimised but awkward-looking Prius, which entered production in 1997. This genesis was

1 References to returns and performance contributions (excluding individual stock returns) in this Platinum Japan Fund report are in AUD terms. Individual stock returns are quoted in local currency terms and sourced from FactSet Research Systems, unless otherwise specified.

Disposition of Assets^

REGION	30 JUN 2020	31 MAR 2020	30 JUN 2019
Japan	90%	79%	84%
Korea	4%	3%	5%
Cash	6%	19%	11%
Shorts	-30%	-24%	-26%

^ With effect from 31 May 2020, our country classifications for securities were updated to reflect Bloomberg's "country of risk" designations. These changes have been backdated to prior periods.
See note 3, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	30 JUN 2020	31 MAR 2020	30 JUN 2019
Communication Services	25%	14%	19%
Health Care	14%	13%	3%
Consumer Discretionary	11%	14%	20%
Information Technology	8%	8%	12%
Industrials	6%	9%	9%
Materials	3%	3%	7%
Financials	1%	0%	3%
Real Estate	0%	0%	0%
Energy	0%	0%	3%
Consumer Staples	-3%	-3%	-2%
Other*	0%	0%	-10%
TOTAL NET EXPOSURE	64%	57%	63%

* Includes index shorts and other positions.
See note 4, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Currency Exposures+

CURRENCY	30 JUN 2020	31 MAR 2020	30 JUN 2019
Japanese yen (JPY)	103%	102%	97%
US dollar (USD)	1%	1%	15%
Australian dollar (AUD)	0%	0%	-16%
Korean won (KRW)	-3%	-3%	3%

+ With effect from 31 May 2020, our currency risk exposure classifications for securities were updated to match the relevant local currencies of the relevant Bloomberg "country of risk" classifications. These changes have been backdated to prior periods.
See note 5, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

For further details of the Fund's invested positions, including country and industry breakdowns and currency exposures, updated monthly, please visit https://www.platinum.com.au/our-products/pjf.

documented in detail in Hideshi Itazaki's 1999 book *The Prius that Shook the World: How Toyota Developed the World's First Mass-Production Hybrid Vehicle*. At various stages of the excitement, journalists were camped out on the footpaths of the homes of the chief engineers. Detroit was shell-shocked at the outcome. Not everyone finds the 400 pages of text quite as riveting; there are zero book reviews on Amazon.

Toyota is now selling the fourth-generation evolution of the Prius. The fifth-generation is scheduled for 2022 when the cost of the hybrid components will be one-eighth of the original equipment set, a dramatic improvement over two decades.

Toyota's internal production plan for 2025, provisions half of their output volume with electrified drivetrains, mostly full hybrids augmented by some plug-in hybrids, fuel cell cars and full electric vehicles. The first-generation Prius was sold at a large loss, the third-generation made a profit and the fifth-generation is budgeted to have a higher profit margin than the corporate average.

The sense garnered from discussions with Toyota is that they are very comfortable with their electrification roadmap even when faced with uncertain customer demand and variable regulations around the globe. Toyota is planning to reduce their capex from current levels, maintain their current research and development spending and slowly grow production. This is in stark contrast to most of the industry, which is facing pressure across the board. Toyota's spending commitments include further development of their solid-state battery program and their world-leading first-generation fuel cell cars production in addition to their ongoing cost-reduction program. In Europe, where some companies are facing multi-billion-dollar fines as a result of their inability to meet new environment targets, Toyota is fully prepared with a wide range of advanced models.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Takeda Pharma Co	Japan	Health Care	7.2%
Rakuten Inc	Japan	Cons Discretionary	5.3%
Oracle Japan	Japan	Info Technology	5.1%
CyberAgent Inc	Japan	Comm Services	5.1%
Minebea Co Ltd	Japan	Industrials	4.9%
Nintendo Co Ltd	Japan	Comm Services	4.6%
Astellas Pharma	Japan	Health Care	4.4%
Kyocera Corp	Japan	Info Technology	4.3%
KDDI Corporation	Japan	Comm Services	4.2%
Nitto Denko Corp	Japan	Materials	4.2%

As at 30 June 2020. See note 6, page 40.
Source: Platinum Investment Management Limited

Akio Toyoda, Toyota's President, CEO & Representative Director, does not consider his job finished despite the progress of the last decade. He is very clear that the global car industry is at a rare juncture and he is determined to lead Toyota to a premier position in the wider mobility industry. The focus has shifted from the restructuring of the last decade, to the future.

There have been transition periods in the last two centuries where changes like containerisation, railways, canals, automobiles and heavy-duty trucking stranded or destroyed large amounts of capital. One detailed estimate of the number of vehicles required to optimally service a dense urban environment reduces from 60,000 to 2,000 in a fully automated vehicle implementation. Even adjusting for operational realities and consumer preferences, this portends a seismic shift in both the structure of the economy and the auto industry. There are a lot of intermediate stumbling blocks before the arrival of this utopia. Full autonomy is an extraordinarily complex problem given the proliferation of edge cases in an informationally rich road scape. Current technology is not close to solving this problem, let alone at a reasonable cost.

The human brain is an amazingly efficient and reliable organ. It has evolved over billions of years to help us navigate a diverse range of changing environments. It will be difficult to replicate our brains in silicon.

Safely operating an autonomous fleet with a high level of reliability would seem unachievable in ordinary circumstances. Three concurrent threads are coming together, which potentially allow a solution to be found. First, profound advances in silicon design and artificial intelligence. Second, a small group of car makers are committed to the task. Third, a multi-decade development program by key suppliers of sensors, cameras, software and algorithms. It's a very large potential market and truly a goal worth aiming for.

Toyota's approach is multi-pronged, similar in some regards to the aerospace industry. Boeing and Airbus have been implementing safety and automation features in a highly regulated environment for many decades.

1. **Guardian** – As the name implies, increased car safety is achieved from an integrated suite of cameras and radars, which constantly monitor the surrounds and keep the vehicle in a safe operating envelope.
2. **Chauffeur** – This is a long-term project to develop a fully automated vehicle for consumers. Due to the high cost it will initially be a high-priced option for luxury cars.
3. **Robotaxi** – Commercial operators are likely to be early adopters, as the driver can represent up to 80% of the operating costs of a commercial transport network.

Mobileye is an Intel subsidiary with a leading position in future mobility technologies. The capability of their core EyeQ chip has improved more than 500-fold over the last eight years. This matches improvements seen across the industry, particularly at Nvidia. In the last few years, over 10,000 artificial intelligence start-ups have raised more than US$20 billion in venture capital. Mobileye estimates that a comprehensive suite of sensors and a multi-chip computer can achieve safety levels equivalent to a sober human within the next decade. Unfortunately, it's an expensive solution, perhaps costing more than the vehicle itself.

The early markets for robotaxis will be geographically limited, high density urban areas. This prospect is still many years, if not decades away, if the regulatory and insurance hurdles can be overcome. Existing car companies are likely to be a key part of these discussions. In the meantime, the early steps toward autonomous driving are happening in the form of ADAS (automated driving assistance system). Toyota has already sold 15 million cars with advanced safety systems installed. These features will likely accelerate the vehicle replacement cycle. Mobility services have increased demand for some transport work cycles. The preferred vehicle is often a hybrid and, in many regions, Toyota's hybrid range of products is sold out. Production volumes have been limited by battery production capacity, which is being expanded rapidly.

The market is correctly reconsidering the long-term future of the auto industry and all companies associated with it. Toyota appears to be selling at its lowest valuation in more than 50 years, despite its strong strategic position and opportunity to benefit, rather than be hurt by the waves of change.

Outlook

Disruption to business operations and markets is growing. COVID-19 has exposed this, and accelerated the changes in many cases. Half of the composition of the Japanese stock market has been listed in the last decade. This is not an outlier and will continue, as the old get sloughed off and the new rise. It's tempting to think that the world will return to 'normal', but it never has. These widespread and fundamental changes are broadly recognised and accepted as reflected in the valuations many are willing to pay for future growth and profits.

Toyota is a strong and thoughtful company with world-leading engineering capability. If even the sweeping change has overtaken them, then it doesn't bode well for the weaker entities across most industries. Corporate activism in Japan has been accelerating in recent years; there are abundant opportunities.

Platinum International Brands Fund

James Halse
Portfolio Manager

Performance

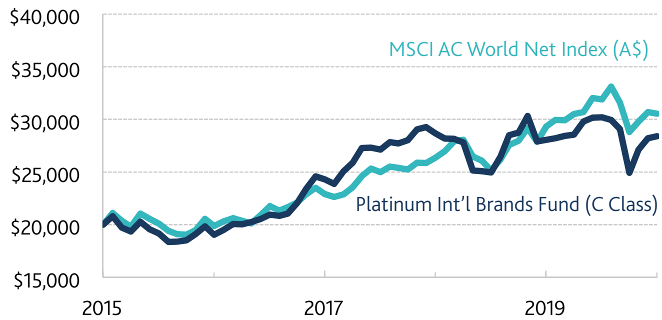
(compound p.a.+, to 30 June 2020)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Brands Fund*	14%	1%	5%	7%	12%
MSCI AC World Index^	6%	4%	10%	9%	3%

+ Excludes quarterly returns.
* C Class – standard fee option. Inception date: 18 May 2000.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI All Country World Net Index in AUD.
Source: Platinum Investment Management Limited, FactSet Research Systems.
Historical performance is not a reliable indicator of future performance.
See note 1, page 40. Numerical figures have been subject to rounding.

Value of $20,000 Invested Over Five Years

30 June 2015 to 30 June 2020



After fees and costs, before tax, and assuming reinvestment of distributions.
Historical performance is not a reliable indicator of future performance.
Source: Platinum Investment Management Limited, FactSet Research Systems. See notes 1 & 2, page 40.

Global markets began the quarter bouncing sharply, as signs emerged that lockdowns were having the intended effect on reducing the spread of coronavirus. The market recovery then continued through late May and early June, led by consumer discretionary stocks, as economic activity resumed with the relaxation of social distancing measures. The general buoyant trend received an additional boost from unprecedented monetary and fiscal stimulus from governments and central banks around the world, targeted at maintaining credit availability and reducing the impact to incomes of enforced business closures and the consequent spike in unemployment.

Market jitters resumed from the second week of June, before intensifying in late June as a new outbreak in the US gained momentum and controls on activity were tightened in many states. However, it is unclear whether US states will re-enter the condition of extreme lockdowns characteristic of March/April given popular and political resistance to such measures in many of the states now suffering outbreaks.

For the quarter, global markets bounced 6% in Australian dollar terms (AUD), with the strength in the underlying stock markets partially obscured by a 13% surge in the value of the AUD relative to the US dollar (USD), back to pre-crisis levels.

The Fund (C Class) generated performance of 13.9% over the quarter, benefiting primarily from our large positions in discretionary stocks, as well as a relatively low exposure to the weak USD and positions in natural resource-linked currencies such as the AUD and Norwegian krone.[1] Top stock contributors included online apparel retailers **Zalando** (+83% from the beginning of the quarter to our exit point) and **ASOS**, which almost tripled during the period from heavily depressed levels. Online used car retailer **Carvana** likewise jumped 118%. A step-change in market share for e-commerce pure-plays has been a key theme of the pandemic and we view this as a structural shift (for more detail on pandemic-related shifts in consumer behaviour, please refer to the feature article in this report, *Will the Pandemic Change our Spending Habits Long Term?*").

1 References to returns and performance contributions (excluding individual stock returns) in this Platinum International Brands Fund report are in AUD terms. Individual stock returns are quoted in local currency terms and sourced from FactSet Research Systems, unless otherwise specified.

Other beneficiaries of this theme were Chinese super-app **Meituan Dianping**, which appreciated 84% to new highs, Russian online bank **TCS Group** (+76%), which recovered much of its drastic sell-off as fears of a large increase in default rates dissipated, and online gambling operators Stars Group which became **Flutter Entertainment**[2] (+48%), which benefited as gamblers shifted online due to the closure of betting shops and physical casinos.

Encouraging progress in reopening stores as well as solid e-commerce revenue growth drove strong returns for jeweller **Pandora** (+63%), as well as apparel retailers **Aritizia** (+54%) and **American Eagle Outfitters** (+37%). Reopening hopes also benefited our positions in theme park operators. **Six Flags** (+53%), **Cedar Fair** (+50%) and **SeaWorld Entertainment** (+34%). Our large position in the significantly mispriced **2024 Euro-Stoxx 50 Dividend Future** generated a 1.6% contribution to our return for the quarter.

Given the market strength, our short positions were a detractor from performance, costing the Fund 5.6%. We ended the March quarter conservatively positioned at 65% net long, but also sitting at 97% gross due to the abundance of opportunities. As we moved through April, it quickly became apparent that investor fear had peaked in March, so we rapidly reduced our shorts so as to sit at 87% net by the end of April, allowing us to capture much more of the rally than we otherwise would have.

Changes to the Portfolio

Portfolio turnover was again elevated in the quarter as the market rally provided opportunities to recycle capital into several newly established positions, as well as existing positions that became increasingly attractive on a relative basis as our more volatile discretionary stocks rebounded. The primary additions amongst our existing holdings were the digital giants **Facebook**, Google-parent **Alphabet** and their Chinese counterparts, **Alibaba** and **Tencent**. Alongside new investments in various retailers and leisure operators poised to benefit from improved market perceptions as stores reopen and movement resumes as well as industry consolidation as a result of the pandemic, we also started a new position in game and console developer, Nintendo.

Nintendo has been a key beneficiary of the stay-at-home world, which is well appreciated by all. What is less well understood are the changes to its underlying business model. The business has historically been one of boom and bust around console cycles, with a device flop (e.g. the Wii U) leading to many years of pain for investors. The shift to digital downloads boosts and smooths earnings as Nintendo can sell follow-on content and subscriptions to supplement lumpier console and software purchases. The pandemic has driven a step-change in consumer adoption of the digital channel, likely leading to much improved future profits for Nintendo.

Having exited our position in jeweller **Tiffany** in early April, we took the opportunity to re-establish the position after the stock sold off in early June. Luxury conglomerate LVMH has agreed to acquire Tiffany at a price of US$135, with the deal due to close imminently. The stock sold off in response to reports LVMH wished to renegotiate the transaction. Our view was that the merger agreement was airtight, provided Tiffany could meet its debt covenants in an environment where many of its stores were closed, which we thought highly likely. Tiffany later announced it had renegotiated these covenants, removing this issue. Despite this, the stock remains around our average purchase price, but we expect it to rerate to the agreed merger price once European competition approval is secured. This position has the added benefit of the stock being much less responsive to market whims, so provided a buffer to market sell-offs.

2 Flutter completed an all-stock merger with The Stars Group on 5 May 2020.

Disposition of Assets^

REGION	30 JUN 2020	31 MAR 2020	30 JUN 2019
North America	40%	37%	23%
Europe	26%	31%	17%
Asia	21%	24%	34%
Japan	4%	4%	8%
Cash	8%	3%	18%
Shorts	-9%	-32%	-22%

^ With effect from 31 May 2020, our country classifications for securities were updated to reflect Bloomberg's "country of risk" designations. These changes have been backdated to prior periods.
See note 3, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	30 JUN 2020	31 MAR 2020	30 JUN 2019
Consumer Discretionary	48%	45%	24%
Communication Services	18%	14%	19%
Financials	11%	12%	10%
Industrials	2%	3%	4%
Consumer Staples	2%	-1%	2%
Real Estate	1%	1%	1%
Information Technology	0%	-2%	0%
Other*	2%	-7%	0%
TOTAL NET EXPOSURE	84%	65%	60%

* Includes index shorts and other positions.
See note 4, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

We trimmed a number of investments following appreciation to nearer fair value. Such stocks included ASOS, Carvana, Meituan Dianping, Six Flags, Cedar Fair and Chinese premium auto dealer China Yongda Automobile Services. We exited our position in Zalando at prices between €43 and €64, following a large re-rating by the market as it became clear that Zalando was a key beneficiary of the store closures and reduced movement occasioned by the pandemic.

Zalando has been a very successful investment for the Fund over time. We entered the stock at €23.77, near its lows during the January 2019 sell-off and exited the lion's share of our position later in 2019 and early 2020 at prices between €36–€47. A near 40% sell-off in the initial stages of the pandemic gave us the chance to re-enter the stock at a time when the market was concerned about an evaporation of spending on apparel and indeed, whether Zalando would be able to continue to deliver packages at all. Further investigation assuaged our concerns on the latter point, while we viewed the former as temporary and saw Zalando as a major longer-term beneficiary of any pandemic-driven retail bankruptcies. Zalando recently announced sales and earnings would be well above expectations, as a result of consumers shifting spend online, and many more brands and retailers adopting Zalando's marketplace offering as their other sales channels were closed. Zalando likely continues to be a winner in the European apparel market, but the valuation now incorporates much of that potential future success.

Outlook

The increase in market fears of further lockdowns in response to a dramatic rise in COVID cases in the US provides the opportunity for a second bite at the cherry with many of our discretionary retail and leisure-focused stocks having sold off dramatically in June. One way or another, the pandemic will end and sales and earnings will recover. While the general consumer environment may look somewhat different in the future, we are confident that people will still need to buy clothes and will still want to ride roller-coasters.

The risk to the downside from here, is that the US states again enforce strict lockdowns, bringing economic activity to a shuddering halt, leading to high unemployment and business bankruptcies. However, companies have already strengthened their balance sheets, renegotiated debt covenants and reduced overheads. The stocks we are invested in have the cash to survive through extended closures. Indeed, in the event of widespread containment measures and another stock market sell-off, the US Federal Reserve and federal government could engage in further large-scale stimulus to cushion the economic impact. This, perversely, could actually drive markets higher despite lockdowns.

In any event, ultimately what will drive our returns is buying stocks at attractive prices relative to their future cashflows. From that perspective, we think the Fund is well positioned.

Net Currency Exposures+

CURRENCY	30 JUN 2020	31 MAR 2020	30 JUN 2019
US dollar (USD)	25%	29%	30%
Euro (EUR)	23%	34%	24%
Chinese yuan (CNY)	19%	21%	26%
Norwegian krone (NOK)	12%	6%	2%
Russian ruble (RUB)	6%	6%	5%
British pound (GBP)	5%	6%	3%
Japanese yen (JPY)	4%	0%	5%
Australian dollar (AUD)	4%	5%	7%
Canadian dollar (CAD)	4%	13%	3%
Danish krone (DKK)	2%	2%	0%
Turkish lira (TRL)	2%	2%	1%
Hong Kong dollar (HKD)	-6%	-9%	-3%
Argentine peso (ARS)	0%	-1%	0%
Brazilian real (BRL)	0%	-1%	-1%
Chinese yuan offshore (CNH)	0%	-9%	-6%
Indian rupee (INR)	0%	-4%	3%
New Zealand dollar (NZD)	0%	0%	-1%
Ukrainian hryvnia (UAH)	0%	1%	1%

+ With effect from 31 May 2020, our currency risk exposure classifications for securities were updated to match the relevant local currencies of the relevant Bloomberg "country of risk" classifications. These changes have been backdated to prior periods.
See note 5, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Tiffany & Co	US	Cons Discretionary	5.4%
Facebook Inc	US	Comm Services	4.9%
Alphabet Inc	US	Comm Services	4.7%
Tencent Holdings	China	Comm Services	4.5%
Alibaba Group Holding	China	Cons Discretionary	4.0%
TCS Group Holding	Russia	Financials	3.3%
ASOS PLC	UK	Cons Discretionary	3.1%
Lixil Group	Japan	Industrials	2.8%
Sberbank	Russia	Financials	2.8%
China Yongda Auto	China	Cons Discretionary	2.5%

As at 30 June 2020. See note 6, page 40.
Source: Platinum Investment Management Limited.

For further details of the Fund's invested positions, including country and industry breakdowns and currency exposures, updated monthly, please visit https://www.platinum.com.au/our-products/pibf.

Platinum International Health Care Fund

Bianca Ogden
Portfolio Manager

Performance

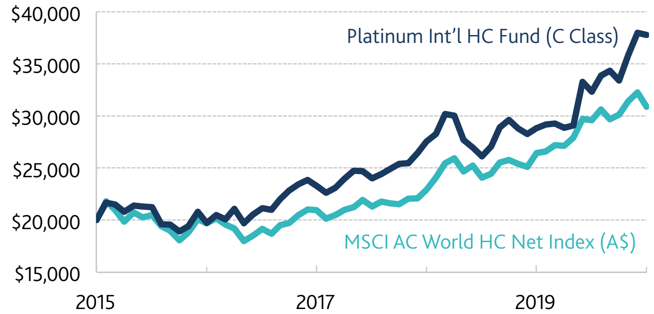
(compound p.a.+, to 30 June 2020)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l HC Fund*	13%	31%	17%	14%	11%
MSCI AC World HC Index^	3%	17%	14%	9%	10%

+ Excludes quarterly returns.
* C Class – standard fee option. Inception date: 10 November 2003.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI All Country World Health Care Net Index in AUD. Source: Platinum Investment Management Limited, FactSet Research Systems.
Historical performance is not a reliable indicator of future performance. See note 1, page 40. Numerical figures have been subject to rounding.

Value of $20,000 Invested Over Five Years

30 June 2015 to 30 June 2020



After fees and costs, before tax, and assuming reinvestment of distributions. Historical performance is not a reliable indicator of future performance. Source: Platinum Investment Management Limited, FactSet Research Systems. See notes 1 & 2, page 40.

The Fund (C Class) returned 13.1% for the quarter and 31.0% for the year.[1]

The recovery in biotech companies in recent months has been stellar. Working from home has not slowed innovation. To the contrary, many biotechs are meeting their deadlines, new clinical data is being presented at virtual conferences, novel drugs are being approved, new deals are being signed and for us, engagement with company management has never been more frequent.

Biotechs have matured immensely, management teams now have runs on the board and have endured difficult economic situations. Today, biotechs have broader pipelines and are well funded. At the start of the pandemic, many companies had the opportunity (and seized it) to reprioritise their pipeline. A decade ago, that was a difficult task, as many biotechs had just one lead drug and limited pipeline options. We are in a different phase for this industry now, with a steady flow of genuine innovations giving us cause for excitement beyond anti-viral activities.

While SARS-CoV-2 vaccine developers **Moderna** (+114%) and **CanSino Biologics** (+39% to our exit point during the quarter) performed very well, several of our other biotech holdings exceeded the performance of these 'pandemic' companies. **Mersana Therapeutics** (+158% from our entry point during the quarter) released solid data for its targeted antibody drug conjugate in ovarian cancer. **Myovant** (+173%) released several data sets for relugolix, used in the treatment of prostate cancer and endometriosis, putting the company well on track to become a commercial biotech. **Ovid Therapeutics**, which focuses on rare neurological disorders, also advanced nicely (+147%), as investors discovered the company's pipeline is maturing rapidly.

Gilead Sciences (+3%), a long-term holding in the Fund, has remained the biotech laggard, despite the success of remdesivir and various alliances that have expanded the company's oncology pipeline. Rumours that AstraZeneca was interested in doing a deal with Gilead disappeared as fast as

1 References to returns and performance contributions (excluding individual stock returns) in this Platinum International Health Care Fund report are in AUD terms. Individual stock returns are quoted in local currency terms and sourced from FactSet Research Systems, unless otherwise specified.

they appeared and investors who were looking for a large acquisition by Gilead have realised the management team is focused on a steady rebuild. The company's modus operandi involves forging deep alliances that include equity investments, as evidenced during the quarter with its investment in **Arcus Biosciences** (also a holding in the Fund, which was up 78% this quarter and 211% over the year). Within the next 12 months, Gilead expects to launch its JAK inhibitor for inflammatory diseases and its oncology pipeline is expected to mature. From our perspective, a company that makes steady progress and has significant cashflow, is worth being patient for.

Changes to the Portfolio

We added to many holdings during the early stages of the pandemic. Many biotechs have successfully strengthened their balance sheets and we have seen a very positive initial product offering (IPO) market for new biotechs in the US and China.

Given the ongoing viral outbreaks, expectations for elective surgery volumes continue to fluctuate and so do share prices of the respective companies selling surgery-related devices. We had opportunistically added some device makers to the portfolio at the low point of the market and trimmed a little upon their recovery. It is our view that SARS-CoV-2 will remain ever-present but hospitals and outpatient surgeries will adapt to the 'new normal' and elective surgeries will return as they are an important income stream for surgery providers.

Commentary

Belgian biotech **Union Chimique Belge** (UCB) is another company that has required patience and belief that the cashflow generated from a long-standing franchise together with the diligent clinical development expertise will generate new products. Indeed, this quarter, UCB's antibody bimekizumab, an antibody targeting Interleukin 17A/F, has shown very competitive data in treating psoriasis.

UCB is not a very promotional biotech, it prefers its own style and thanks to a significant family shareholder, is able to do so. UCB was formed in 1928, when Emmanuel Janssen founded it as an industrial chemistry business with a small pharma division. Over many decades it existed as a mix of pharma and chemicals. Neurology and inflammatory diseases were a focus at UCB and the company developed a number of successful drugs (e.g. Zyrtec in 1987). As with many chemical/pharma companies, separation is inevitable and UCB completely sold its non-pharma business to Cytec in 2005. The previous year, UCB acquired antibody company, Celltech, gaining access to antibody technology as well as an anti-TNF

Disposition of Assets^

REGION	30 JUN 2020	31 MAR 2020	30 JUN 2019
North America	39%	37%	36%
Europe	27%	33%	28%
Oceania	10%	10%	11%
Japan	7%	7%	5%
Asia	6%	6%	5%
Cash	10%	7%	16%
Shorts	0%	-5%	-6%

^ With effect from 31 May 2020, our country classifications for securities were updated to reflect Bloomberg's "country of risk" designations. These changes have been backdated to prior periods.
See note 3, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	30 JUN 2020	31 MAR 2020	30 JUN 2019
Biotechnology	49%	49%	42%
Pharmaceuticals	26%	29%	26%
Life Sciences Tools & Services	10%	10%	9%
Health Care Equip & Supplies	2%	-1%	1%
Health Care Providers/Services	1%	0%	0%
Other	1%	0%	0%
Health Care Technology	0%	0%	0%
Food & Staples Retailing	0%	0%	1%

See note 4, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Currency Exposures+

CURRENCY	30 JUN 2020	31 MAR 2020	30 JUN 2019
US dollar (USD)	38%	40%	44%
Euro (EUR)	26%	25%	13%
Australian dollar (AUD)	12%	10%	3%
Japanese yen (JPY)	7%	7%	17%
Chinese yuan (CNY)	5%	5%	4%
Hong Kong dollar (HKD)	3%	2%	0%
British pound (GBP)	3%	3%	7%
Swiss franc (CHF)	2%	4%	8%
Swedish krona (SEK)	1%	1%	2%
Danish krone (DKK)	1%	1%	1%
Canadian dollar (CAD)	1%	1%	0%
Singapore dollar (SGD)	0%	0%	1%
Norwegian krone (NOK)	0%	0%	2%
Korean won (KRW)	0%	0%	-1%

+ With effect from 31 May 2020, our currency risk exposure classifications for securities were updated to match the relevant local currencies of the relevant Bloomberg "country of risk" classifications. These changes have been backdated to prior periods.
See note 5, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

For further details of the Fund's invested positions, including country and industry breakdowns and currency exposures, updated monthly, please visit https://www.platinum.com.au/our-products/pihcf.

antibody for inflammatory diseases. Shortly after, UCB acquired Schwarz Pharma, adding generic drugs as well as additional neurology products (the generics business was divested in 2015). The stage was set for the emergence of a "big" European biotech.

The challenges that UCB faced were always very apparent. Celltech, for example, was a real biotech but there were already many anti-TNF antibodies on the market sold by the likes of Johnson & Johnson, Amgen and Abbott Laboratories. Schwarz Pharma was not exactly a biotech, it had some interesting drugs as well as generics. UCB was not deterred by these challenges. In the end, generic erosion for levetriacetam[2] was more gradual and the launch of new drugs maintained this epilepsy franchise, that today makes up 38% of sales. The anti-TNF antibody certolizumab pegol (brand name Cimzia) turned out to be quite successful given the clinical development was teasing out disease indications that allowed differentiation to the incumbent products. Today, Cimzia contributes 36% of sales.

However, in biotech that is not enough to keep investors excited, whose investment time horizons are measured in weeks, pipeline news has to emerge and here UCB was more 'miss' than 'hit'. We are a lot more patient than many other investors and have been closely watching UCB's cashflow, as well as its pipeline. Last year was a crucial turning point, with the company reporting a net cash position and several pipeline products maturing. History tells us that internal as well as external research and development (R&D) will play a role in UCB's future. Lo and behold, UCB opened their chequebook and acquired Ra Pharmaceuticals, a US biotech that owns zilucoplan, a drug used for autoimmune disease, nicely complementing UCB's own anti-FcRn antibody, also being developed for autoimmune disease. However, the program that garnered the most excitement during this quarter was bimekizumab for psoriasis. This is an antibody that binds both Interleukin-17A and Interleukin 17F, which is in contrast with current psoriasis antibodies that only target IL17A. UCB's hypothesis was that by targeting two cytokines (small proteins important in cell signalling), the blockade of the inflammatory response in psoriasis should be deeper and hence an improvement on current therapies. During the quarter, late-stage clinical data is indeed starting to confirm that theory and hence UCB has a very competitive molecule in the offering. Today, UCB has many new products in the pipeline and we know that UCB can withstand competition, as we have seen with Cimzia. So, after a long wait, UCB is really becoming a competitive European biotech.

2 Levetriacetam is marketed under the name of Keppra and is a popular epileptic treatment that was approved over 20 years ago. It has been the flagship product for UCB.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
SpeeDx Pty Ltd	Australia	Biotechnology	4.8%
Sanofi SA	France	Pharmaceuticals	4.0%
Takeda Pharma Co	Japan	Pharmaceuticals	3.5%
Bayer AG	Germany	Pharmaceuticals	2.7%
Gilead Sciences Inc	US	Biotechnology	2.6%
Myovant Sciences	US	Biotechnology	2.5%
BioNTech	Germany	Biotechnology	2.5%
Zai Lab Ltd ADR	China	Biotechnology	2.3%
Quanterix Corp	US	Life Sciences Tools	2.2%
Astellas Pharma	Japan	Pharmaceuticals	2.2%

As at 30 June 2020. See note 6, page 40.
Source: Platinum Investment Management Limited.

Outlook

Twenty years ago, the human genome was deciphered, making the headlines in the *New York Times* and biotech had just reached peak excitement. At the time, investing in biotechs was considered akin to a weekend in Las Vegas. Several years followed, that some describe as the dark days of biotech, given capital was difficult to secure, and as always in science, the perils of deciphering the human genome was slower to attain. Today, the biotech industry through sheer stamina has navigated through these challenges. The pandemic has highlighted the maturity of the sector and has brought generalists back into the fold. We are reminded that science can have a dramatic long-lasting effect. Polymerase Chain Reaction (PCR), a technique used to amplify a segment of DNA, was invented in the early 1980s, underpinning the biotech boom in the late 1990s (and was also the daunting task I had to learn at lab tutorials during my university days). Today, this same technology is at the centre of the testing kits used to detect SARS-CoV-2. In fact, PCR is a standard tool in every molecular biology lab globally.


The New York Times

Genetic Code of Human Life Is Cracked by Scientists

JUSTICES REAFFIRM MIRANDA RULE, 7-2; A PART OF 'CULTURE'

A Pearl and a Hodgepodge: Human DNA

It is these transformational technologies that make biotech so exciting. We are obviously biased but we believe that biotech companies should be considered alongside technology companies when considering investment opportunities. It is our belief that in the coming decade, biotech will change the way healthcare is provided and have a profound impact on our longevity and quality of life.

Platinum International Technology Fund

Alex Barbi
Portfolio Manager

Cameron Robertson
Portfolio Manager

Performance

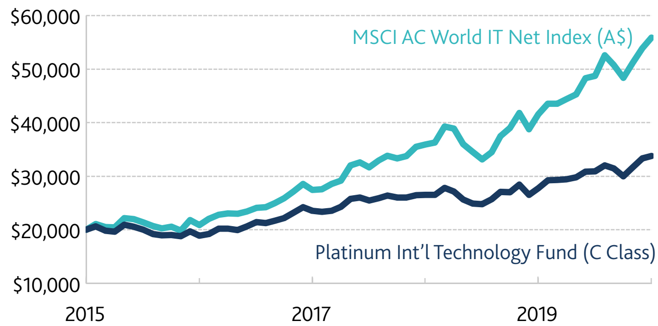
(compound p.a.+, to 30 June 2020)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Tech Fund*	13%	22%	13%	11%	10%
MSCI AC World IT Index^	16%	34%	27%	23%	3%

+ Excludes quarterly returns.
* C Class – standard fee option. Inception date: 18 May 2000.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI All Country World IT Net Index in AUD. Source: Platinum Investment Management Limited, FactSet Research Systems.
Historical performance is not a reliable indicator of future performance.
See note 1, page 40. Numerical figures have been subject to rounding.

Value of $20,000 Invested Over Five Years

30 June 2015 to 30 June 2020



After fees and costs, before tax, and assuming reinvestment of distributions.
Historical performance is not a reliable indicator of future performance.
Source: Platinum Investment Management Limited, FactSet Research Systems. See notes 1 & 2, page 40.

The Fund (C Class) returned 12.7% for the quarter and 21.7% for the year.[1]

The market rally, which started in March, continued through most of the quarter, as the effects of monetary and fiscal stimulus, low long-term rates, hopes for a vaccine and return to normality all played into investors' thinking.

The technology sector in particular, experienced a significant recovery, with the pandemic catalysing changes in the way people go about their daily lives, increasingly shifting their work, social and shopping activities to online. Last quarter, we discussed many of these impacts across work and entertainment and as time has gone by, more and more examples of these shifts have come to light. Within our portfolio, during the quarter, **Twilio** (+145%) benefited from playing a core part in facilitating so many services now commonplace in our lives, such as telehealth, food and retail delivery, and remote customer service teams. **Carvana** (+118%) has seen a negative short-term impact on sales from reduced activity in the used car market, but surveys suggest people are now far more likely to consider purchasing a used car online and having it delivered, than they were only a few months ago, which portends well for the longer-term structural shift towards online purchases as opposed to brick and mortar car yards. Holdings like **PayPal** (+82%), **eBay** (+75%) and **JD.com** (+50%) also benefited from consumers' shift towards e-commerce, with people avoiding shopping malls and developing new purchasing habits.

Another area of the portfolio which has been a slightly unexpected beneficiary, has been our holdings across the electric vehicle (EV) supply chain. Governments, across Europe in particular, have rolled out significant stimulus measures focusing on the electric vehicle market, as they aim to not just stimulate the economy but also shift their societies towards a more environmentally friendly future. These incentives have been very significant. For example, the cost of purchasing an electric vehicle in Germany has reduced in many cases by more than 20% as a result of these measures. Similar programs have been rolled out in France and elsewhere, while

1 References to returns and performance contributions (excluding individual stock returns) in this Platinum International Technology Fund report are in AUD terms. Individual stock returns are quoted in local currency terms and sourced from FactSet Research Systems, unless otherwise specified..

in the longer term, VAT and registration cost exemptions are also in various stages of consideration or implementation.

These measures have represented a material change in the short-term outlook for a number of our more cyclical holdings exposed to vehicle electrification. A couple of months ago, it felt as though the automotive industry could be in for a bumpy ride and the share prices of related firms were marked down as a result, but now the market is embracing the space with enthusiasm. This has been reflected in the share prices of many of our holdings across the space, including battery manufacturer **Samsung SDI** (+51%), one of the leaders in automotive power semiconductors, **Infineon** (+55%) and **Analog Devices** (+37%) who, among their other activities, is the leading technology provider in EV battery management systems.

The primary stocks which detracted from performance during the quarter were our shorts, which rebounded sharply. With the benefit of hindsight, we should have reduced these short positions even more aggressively than we did during the sell-off earlier in the year.

The Australian dollar (AUD) also strengthened during the quarter, particularly relative to the US dollar (USD), which served to dampen reported returns. We did increase our exposure to the euro over the past few months, nevertheless the largest single exposure remains the USD, reflecting the domicile of our underlying assets.

Changes to the Portfolio

During the quarter, we established small positions in two new stocks, one of which provides technology solutions to corporates in the travel sector, and the other operates in the out-of-home advertising space. Early in the quarter, we also continued adding to some of our existing holdings, taking advantage of the lower prices on offer.

One stock we purchased in the prior quarter and added to during the early part of this quarter is a company called **Medallia**. You may not be familiar with the company, but you have likely interacted with their products without knowing it. Medallia offers an "experience management platform", helping organisations deliver a better experience to their customers and employees. Essentially the software platform collects feedback via simple surveys, for example a pop-up box that appears after you've bought something online saying "please rate your purchase experience from 1-5". This feedback is then collected and linked with a range of other information, such as purchase behaviour, loyalty, interactions across various touchpoints from stores, websites, call centres and so on. Having collated all this information, the platform funnels relevant findings and feedback to the appropriate teams within an organisation. This can catalyse suggestions for product changes, improvements to training programs, highlighting customers which might be at risk of leaving so that relationship managers can take corrective action, and a huge range of other potential actions. Medallia's customer list is comprised of major brands like Marriott, Telstra, Toyota and PayPal. For these large companies, even a small change in customer satisfaction can quickly have a meaningful financial impact. As a result, Medallia's platform is worth far more to clients than it costs. While the firm has operated for two decades, we believe the 'experience management' software industry is still relatively nascent and has a bright future. We are optimistic that over the course of time, our ownership stake in this industry leader will prove to be a rewarding investment.

As the quarter wore on and share prices across the sector increased quite dramatically, we found ourselves trimming back a number of holdings, in some cases even reducing exposure to companies which we had recently been adding to. The volatility in certain stocks has been quite remarkable. Carvana for example, reached a low point earlier this year in the low US$20s and a high point more recently above US$130. Rest assured, that we were adding to our position on the way down and in the US$20s, and have since been reducing our exposure once more as the stock raced towards its highs, booking a tidy profit. During the quarter we also modestly reduced our holdings in Twilio, JD.com, Intel and Skyworks, taking advantage of sizable positive moves in those stocks. Finally, one of our small holdings, a Chinese web portal for cars, received a long-awaited takeover bid, which we intend to accept.

Disposition of Assets^

REGION	30 JUN 2020	31 MAR 2020	30 JUN 2019
North America	56%	54%	48%
Asia	22%	23%	19%
Europe	9%	8%	10%
Japan	1%	1%	1%
Cash	12%	14%	21%
Shorts	-3%	-2%	-2%

^ With effect from 31 May 2020, our country classifications for securities were updated to reflect Bloomberg's "country of risk" designations. These changes have been backdated to prior periods.
See note 3, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	30 JUN 2020	31 MAR 2020	30 JUN 2019
Information Technology	50%	48%	42%
Communication Services	25%	25%	24%
Consumer Discretionary	6%	6%	5%
Industrials	4%	5%	6%
TOTAL NET EXPOSURE	85%	84%	76%

See note 4, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Outlook

When we step back to consider the environment we're in, there are a lot of moving pieces. A pandemic rages on, while scientists and doctors race to mitigate its effects. Governments and central bankers are similarly working to ameliorate its economic impacts. There are riots, geopolitical tensions and an approaching US election. The list seems endless. Add to all of this, the long-standing anti-trust concerns that continue to hang over the tech sector.

Nevertheless, the core of what we do remains centred around understanding businesses and industries, gaining an appreciation for products, grappling with competitive dynamics and identifying attractive investment opportunities as they emerge. Technology is a dynamic sector, constantly evolving and presenting new opportunities. We remain confident we will continue to find attractive opportunities, despite the fact we are once again faced with higher-than-average valuations across the sector.

Net Currency Exposures+

CURRENCY	30 JUN 2020	31 MAR 2020	30 JUN 2019
US dollar (USD)	49%	49%	57%
Chinese yuan (CNY)	11%	11%	8%
Euro (EUR)	10%	8%	4%
Korean won (KRW)	8%	8%	8%
Australian dollar (AUD)	7%	7%	2%
Canadian dollar (CAD)	4%	4%	4%
Taiwan dollar (TWD)	3%	4%	3%
Norwegian krone (NOK)	2%	2%	3%
British pound (GBP)	2%	2%	3%
Japanese yen (JPY)	2%	2%	6%
Swedish krona (SEK)	1%	2%	1%
Hong Kong dollar (HKD)	0%	0%	2%

+ With effect from 31 May 2020, our currency risk exposure classifications for securities were updated to match the relevant local currencies of the relevant Bloomberg "country of risk" classifications. These changes have been backdated to prior periods.
See note 5, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Alphabet Inc	US	Comm Services	6.7%
Tencent Holdings	China	Comm Services	5.1%
Facebook Inc	US	Comm Services	4.8%
Samsung Electronics Co	Korea	Info Technology	4.0%
Constellation Software	Canada	Info Technology	3.5%
Taiwan Semiconductor	Taiwan	Info Technology	3.3%
Microchip Technology	US	Info Technology	3.3%
Paypal Holdings	US	Info Technology	3.2%
Skyworks Solutions	US	Info Technology	2.9%
Medallia Inc	US	Info Technology	2.8%

As at 30 June 2020. See note 6, page 40.
Source: Platinum Investment Management Limited.

For further details of the Fund's invested positions, including country and industry breakdowns and currency exposures, updated monthly, please visit https://www.platinum.com.au/our-products/pitf.

Glossary

Dividend yield

A ratio that indicates how much a company pays out in dividends each year relative to its share price.

Earnings yield

A company's earnings per share over a 12-month period divided by its share price and expressed as a percentage, the earnings yield is the reciprocal of the price-to-earnings (P/E) ratio and is a measure of the rate of return on an equity investment.

Enterprise value (EV)

A measure of a company's total market value, EV equals to a company's market capitalisation plus net debt, minority interest and preferred equity, minus cash and cash equivalents.

Price-to-book ratio (P/B)

The ratio of a company's current share price to its book value (total assets minus intangible assets and liabilities). It is an indicator of the value of a company by comparing its share price to the amount of the company's assets that each share is entitled to.

Price-to-earnings ratio (P/E)

The ratio of a company's current share price to its per-share earnings, P/E is used as an indicator of the value of a company by comparing its share price to the amount of per-share earnings the company generates. A high P/E ratio suggests that the company's share price is expensive relative to the company's profits, which usually implies that investors are expecting the company's future profits to grow quickly.

Price-to-sales ratio (P/S)

The ratio that compares a company's current share price to its revenue, P/S is an indicator of the value placed on each dollar of a company's sales and is typically calculated by dividing the company's market capitalisation by its total sales over a 12-month period.

Purchasing Managers' Index (PMI)

An indicator of the economic health of the manufacturing sector. It is derived from monthly surveys of purchasing executives at private sector companies and is based on five major indicators: new orders, inventory levels, production, supplier deliveries and employment environment. A reading of greater than 50 indicates expansion of the manufacturing sector when compared to the previous month, while a reading of under 50 represents a contraction.

Quantitative easing (QE)

A monetary policy used by central banks to increase the supply of money by buying government bonds (and, to a lesser extent, other assets such as corporate bonds and shares) from the market. The intended outcome is to lower the yield on those assets, increase the total money supply in the financial system, and encourage more lending by banks and thus greater economic activity. Central banks use QE to stimulate the economy when interest rates are already at or close to zero.

Shorting

Short-selling or "shorting" is a transaction aimed at generating a profit from a fall in the price of a particular security, index, commodity or other asset. To enter into a short sale, an investor sells securities that are borrowed from another. To close the position, the investor needs to buy back the same number of the same securities and return them to the lender. If the price of the securities has fallen at the time of the repurchase, the investor has made a profit. Conversely, if the price of the securities has risen at the time of the repurchase, the investor has incurred a loss.

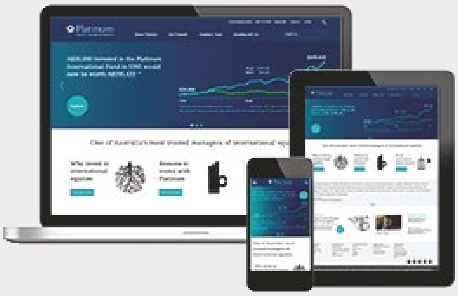
Yield

Yield refers to the income generated from an investment (such as the interest from cash deposits, the dividends from a shareholding, or the rent from a property investment), usually expressed as an annual percentage rate based on the cost of the investment (known as cost yield) or its market price (known as current yield). For bonds, the yield is the same as the coupon rate (assuming the bond is purchased at par or is trading at par). Any increase or decrease of the yield relative to the coupon rate is approximately inversely proportional to any change in the bond price (yields fall as prices rise, and vice-versa).

Yield curve

A yield curve plots the interest rates (or yields) of comparable debt instruments with different maturities. Starting on the left with the yields of shorter-term instruments, the curve typically slopes upwards to the right, reflecting investors' desire to be compensated for the uncertainty associated with locking their money away for longer periods of time. An inverted yield curve occurs when longer-term debt instruments have a lower yield than shorter-term debt instruments, reflecting expectations of weaker economic conditions – and hence lower interest rates – in the future.

The Journal



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If you find yourself short on time to read our in-depth reports and **articles**, have a listen to our Quarterly Reports in **audio podcasts** or watch brief market updates in **video** format.

Recent videos and articles include:

- **Investing in the Global Health Care Ecosystem.**[1] In this *Shares for Beginners* podcast, Dr Bianca Ogden, virologist and portfolio manager, talks about the exciting developments taking place in global health care and how a scientific background can be a strong advantage when investing in this dynamic sector.
- **Automakers: Anatomy of a Crisis.**[2] Automakers are likely to be among the businesses most acutely impacted by COVID-19 and over the next 12 months, most will likely rack up multi-billion-dollar losses. However, accounting losses only tell half the story. Our consumer team explains why.
- **In Technology we Trust. Or do we?**[3] The technology sector is facing heavy scrutinisation and the threat of increased regulation. At the same time, tech giants are diversifying into new and exciting areas. Should we avoid or embrace their progress? At what cost to our personal data? Portfolio manager, Cameron Robertson, provides his insights in this video.
- **Venturing to the Dark Side in Food Delivery.**[4] What will the emergence of 'dark kitchens' mean for traditional bricks and mortar restaurants and what will it take to be a 'survivor' or a 'thriver'? In this video, investment analyst, Jimmy Su, shares his insights on this fast-changing sector and why it's important to dig deeper into the detail.

1 https://www.platinum.com.au/Insights-Tools/The-Journal/Investing-in-the-Global-Health-Care-Ecosystem
2 https://www.platinum.com.au/Insights-Tools/The-Journal/Automakers-Anatomy-of-a-crisis
3 https://www.platinum.com.au/Insights-Tools/The-Journal/In-Technology-We-Trust-Or-Do-We
4 https://www.platinum.com.au/Insights-Tools/The-Journal/Venturing-to-the-Dark-Side-in-Food-Delivery

"IT'S HIS ONLY FORM OF EXERCISE THESE DAYS-- CHASING YIELD."

"What's this I hear about you going long?"

Notes

Unless otherwise specified, all references to "Platinum" in this report are references to Platinum Investment Management Limited (ABN 25 063 565 006, AFSL 221935).

Some numerical figures in this publication have been subject to rounding adjustments. References to individual stock or index performance are in local currency terms, unless otherwise specified.

1. Fund returns are calculated by Platinum using the net asset value unit price (i.e. excluding the buy/sell spread) of the stated unit class of the Fund and represent the combined income and capital returns over the specified period. Fund returns are net of fees and costs, pre-tax, and assume the reinvestment of distributions. The MSCI index returns are in AUD, are inclusive of net official dividends, but do not reflect fees or expenses. Where applicable, the gross MSCI index was used prior to 31/12/98. MSCI index returns are sourced from FactSet Research Systems. Platinum does not invest by reference to the weightings of the specified MSCI index. As a result, the Fund's holdings may vary considerably to the make-up of the specified MSCI index. MSCI index returns are provided as a reference only. The investment returns shown are historical and no warranty is given for future performance. Historical performance is not a reliable indicator of future performance. Due to the volatility in the Fund's underlying assets and other risk factors associated with investing, investment returns can be negative, particularly in the short term.
2. The investment returns depicted in the graph are cumulative on A$20,000 invested in C Class (standard fee option) of the Fund over the specified period relative to the specified MSCI index in AUD.
3. The geographic disposition of assets (i.e. other than "cash" and "shorts") shows the Fund's exposures to the relevant countries/regions through its long securities positions and long securities/index derivative positions, as a percentage of its portfolio market value. With effect from 31 May 2020, country classifications for securities were updated to reflect Bloomberg's "country of risk" designations and the changes were backdated to prior periods. "Shorts" show the Fund's exposure to its short securities positions and short securities/index derivative positions, as a percentage of its portfolio market value. "Cash" in this table includes cash at bank, cash payables and receivables and cash exposures through derivative transactions.
4. The table shows the Fund's net exposures to the relevant sectors through its long and short securities positions and long and short securities/index derivative positions, as a percentage of its portfolio market value. 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".

   The Platinum Unhedged Fund does not undertake any short-selling. As a result, its net sector exposures through its securities positions and securities/index derivatives positions are its sector exposures through its long securities and long securities/index derivatives positions.
5. The table shows the Fund's net exposures to the relevant currencies through its long and short securities positions, cash at bank, cash payables and receivables, currency forwards and long and short securities/index derivative positions, as a percentage of its portfolio market value. Currency classifications for securities reflect the relevant local currencies of the relevant Bloomberg country classifications. The table may not exhaustively list all of the Fund's currency exposures and may omit some minor exposures.

   The Platinum Unhedged Fund does not undertake any short-selling. As a result, its net currency exposures through its securities positions and securities/index derivatives positions are its currency exposures through its long securities and long securities/index derivatives positions.
6. The table shows the Fund's top ten positions as a percentage of its portfolio market value taking into account its long securities positions and long securities derivative positions.

Disclaimers

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About us

Investor services numbers

Monday to Friday, 8.30am – 6.00pm AEST

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New Zealand only

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Level 8, 7 Macquarie Place, Sydney

Platinum Asset Management is a Sydney-based manager specialising in international equities. The investment team uses a thematic stock-picking approach that concentrates on identifying out-of-favour stocks with the objective of achieving superior returns for our clients. We pay no heed to recognised indices. We aim to protect against loss and will hedge stocks, indices and currencies in our endeavours to do so.

The firm was founded in February 1994 by a group of professionals who had built an enviable reputation. The investment team has grown steadily and Platinum now manages around A$21 billion. Platinum's ultimate holding company, Platinum Asset Management Limited (ASX code: PTM), listed on the ASX in May 2007, and Platinum's staff continue to have relevant interests in the majority of PTM's issued shares.

Since inception, the Platinum International Fund has achieved superior returns to those of the MSCI AC World Net Index (A$)* and considerably more than interest rates on cash.

* Please refer to page 2.

Platinum®
ASSET MANAGEMENT

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