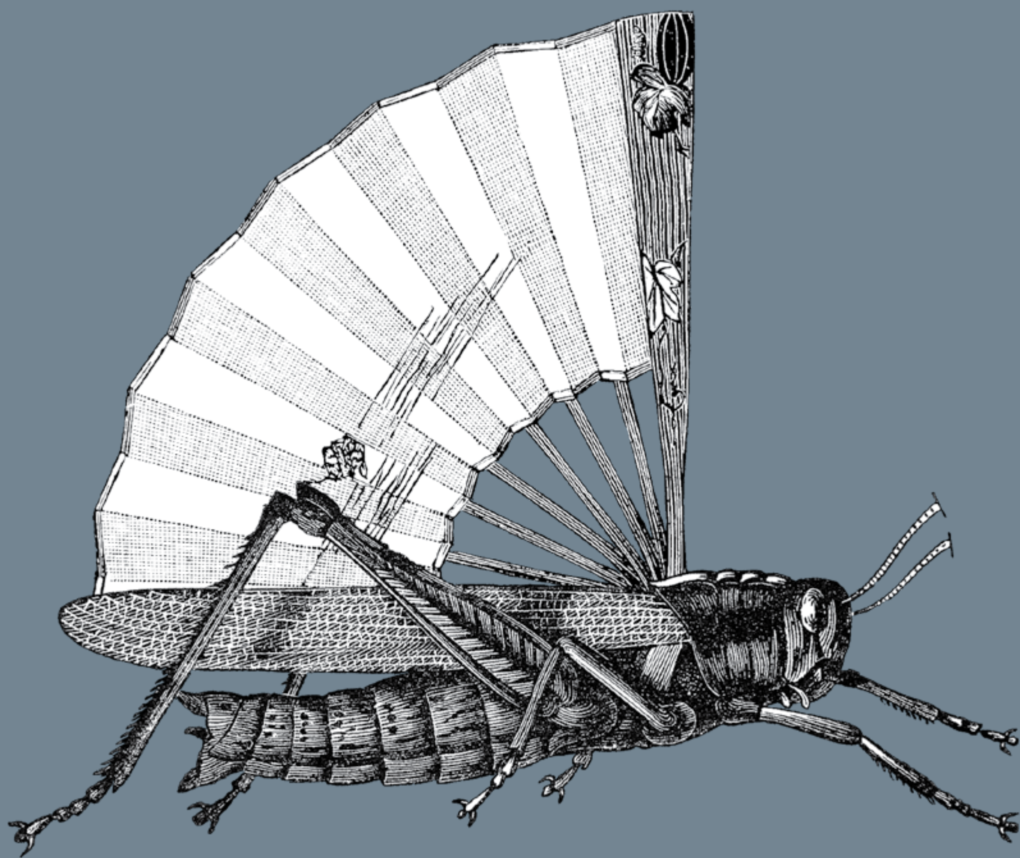
Platinum International Fund
Platinum Unhedged Fund
Platinum Asia Fund
Platinum European Fund
Platinum Japan Fund
Platinum International Brands Fund
Platinum International Health Care Fund
Platinum International Technology Fund

Platinum ASSET MANAGEMENT

Quarterly Report

31 DECEMBER 2020



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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

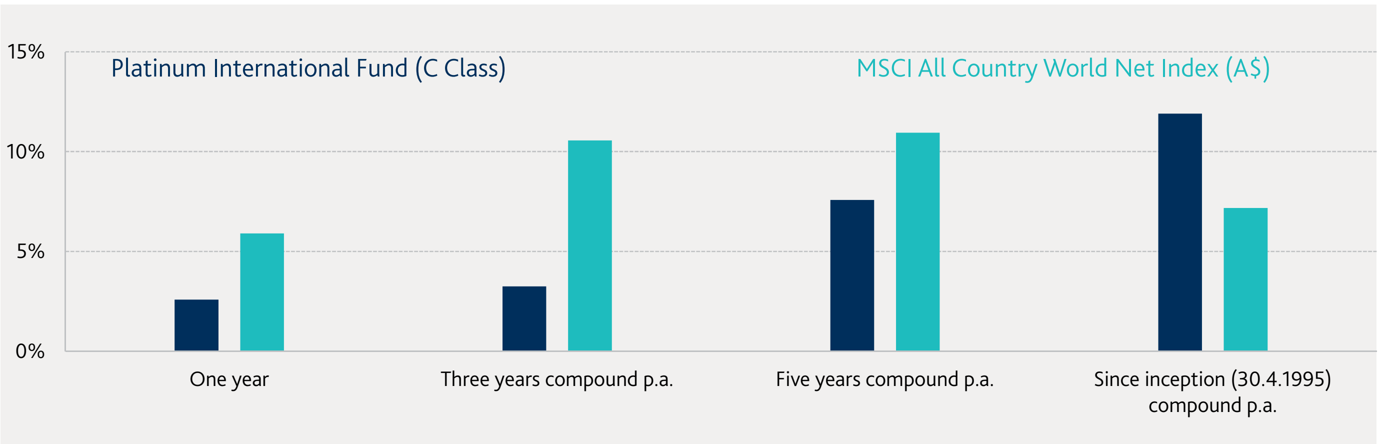
Performance Returns to 31 December 2020

FUND (C CLASS – STANDARD FEE OPTION) (P CLASS – PERFORMANCE FEE OPTION)	PORTFOLIO VALUE 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)	**8,209.1**	**13.3%**	**2.6%**	**9.7%**	**3.3%**	**7.6%**	**11.9%**	**30 Apr 1995**
Platinum International Fund (P Class)	21.2	13.3%	2.8%	9.9%	3.5%	-	6.5%	3 Jul 2017
MSCI All Country World Net Index (A$)		6.5%	5.9%	15.9%	10.6%	10.9%	7.2%	30 Apr 1995
Platinum Unhedged Fund (C Class)	**211.5**	**16.1%**	**-0.3%**	**10.0%**	**3.3%**	**9.0%**	**10.5%**	**28 Jan 2005**
Platinum Unhedged Fund (P Class)	1.7	16.1%	0.0%	10.3%	3.6%	-	7.1%	3 Jul 2017
MSCI All Country World Net Index (A$)		6.5%	5.9%	15.9%	10.6%	10.9%	7.7%	28 Jan 2005
Platinum Asia Fund (C Class)	**5,197.9**	**9.6%**	**29.3%**	**23.3%**	**10.9%**	**13.1%**	**15.0%**	**4 Mar 2003**
Platinum Asia Fund (P Class)	12.3	9.7%	28.2%	22.9%	10.8%	-	14.1%	3 Jul 2017
MSCI All Country Asia ex Japan Net Index (A$)		10.2%	13.9%	16.1%	8.6%	12.3%	10.5%	4 Mar 2003
Platinum European Fund (C Class)	**560.6**	**16.6%**	**-5.0%**	**6.3%**	**2.3%**	**7.4%**	**10.9%**	**30 Jun 1998**
Platinum European Fund (P Class)	3.2	16.7%	-4.7%	6.6%	2.5%	-	5.0%	3 Jul 2017
MSCI All Country Europe Net Index (A$)		7.6%	-4.6%	8.9%	3.9%	5.6%	3.1%	30 Jun 1998
Platinum Japan Fund (C Class)	**609.5**	**6.2%**	**-3.4%**	**7.2%**	**1.1%**	**7.1%**	**13.4%**	**30 Jun 1998**
Platinum Japan Fund (P Class)	3.2	6.3%	-3.2%	7.4%	1.3%	-	5.3%	3 Jul 2017
MSCI Japan Net Index (A$)		7.1%	4.3%	11.8%	6.5%	7.4%	3.3%	30 Jun 1998
Platinum International Brands Fund (C Class)	**617.6**	**17.9%**	**19.0%**	**20.0%**	**9.8%**	**13.4%**	**12.7%**	**18 May 2000**
Platinum International Brands Fund (P Class)	1.6	18.0%	19.3%	20.3%	10.1%	-	11.9%	3 Jul 2017
MSCI All Country World Net Index (A$)		6.5%	5.9%	15.9%	10.6%	10.9%	3.9%	18 May 2000
Platinum International Health Care Fund (C Class)	**469.6**	**13.9%**	**30.8%**	**27.2%**	**20.7%**	**14.8%**	**11.3%**	**10 Nov 2003**
Platinum International Health Care Fund (P Class)	8.5	12.2%	27.8%	25.9%	19.6%	-	17.4%	3 Jul 2017
MSCI All Country World Health Care Net Index (A$)		-0.2%	4.6%	13.4%	13.3%	8.6%	9.4%	10 Nov 2003
Platinum International Technology Fund (C Class)	**166.3**	**9.5%**	**24.9%**	**24.8%**	**14.9%**	**14.0%**	**10.3%**	**18 May 2000**
Platinum International Technology Fund (P Class)	3.1	9.6%	25.2%	25.1%	15.2%	-	15.5%	3 Jul 2017
MSCI All Country World IT Net Index (A$)		7.0%	32.6%	39.7%	26.9%	24.7%	3.7%	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 31 December 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

- Stock markets continued their strong run over the quarter, particularly those companies with economically sensitive (cyclical) businesses. A broad range of commodities also experienced strong price moves over this same period. The commencement of these price moves aligned with the US election and the announcement of successful COVID-19 vaccine trials.
- Many of the Fund's holdings benefited from the strong rally in economically sensitive stocks. These included: Semiconductors (Samsung Electronics +39%, Micron Technology +60%); aerospace companies (General Electric +73%, MTU Aero Engines +50%); travel-related stocks (Amadeus +25%, Booking Holdings +30%); and copper producers (First Quantum Minerals +93%, Freeport-McMoRan +66%).
- Currency positioning also provided a positive contribution to the Fund's performance, which held a low 19% average exposure to the US dollar over the quarter. The US dollar depreciated against not only the Australian dollar, but also the Euro, Japanese yen, Korean won and Chinese yuan, which together represent the majority of the Fund's currency positioning.
- The Fund acquired a new position in European bank Banco Santander and continued adding to existing positions in Louisiana Pacific (US manufacturer of building materials), UPM-Kymmene Oyj (Finnish-based pulp and speciality paper/wood products company) and InterGlobe Aviation (Indian low-cost airline). These purchases were funded via trimming a number of our strong-performing travel-related stocks and internet-related stocks (Alibaba, Alphabet, Tencent).
- We are cautiously optimistic in the medium term about the Fund's future returns based on the valuations and outlook for the companies in the portfolio. While we have seen strong stock price appreciation across many holdings, this has occurred in line with the improving prospects that were part of our original investment case for making these investments. We will continue our approach of taking advantage of investment opportunities as they arise, but also maintaining a relatively conservatively invested position by keeping cash reserves and short positions as insurance.

Platinum Unhedged Fund

- The announcement of successful Phase 3 trials of the mRNA-based vaccines for COVID-19 by BioNTech/Pfizer and Moderna was the major driver of the Fund's strong returns over the quarter. The news triggered investors to reassess the outlook, prompting a sharp rotation back into the more cyclical (and attractively valued) areas of the market.
- The major clusters of performance of the Fund were our holdings in areas that would directly benefit from a successful vaccine or would indirectly benefit from a broader economic recovery, most notably: Travel (General Electric +73%, MTU Aero Engines +50%, Booking Holdings +30%); financials (Bank of Ireland +109%, Ally Financial +42%, Raiffeisen +28%); and semiconductors (Micron Technology +60%, Samsung Electronics +39%).
- Given the picture of a broad economic recovery and the return of investor interest in cyclicals, there is growing evidence we may be on the cusp of a change in market leadership. The portfolio is well-positioned should these trends continue.

Platinum Asia Fund

- Our holdings in semiconductors and related stocks performed well during the quarter (Samsung Electronics +39%, SK Hynix +41%, Taiwan Semiconductor Manufacturing +22%). The ongoing economic recovery in China helped our Chinese consumer-related holdings (Anta Sports Products +53%, home appliance manufacturer Midea +36%).
- Given their strong performance in recent years and the current environment of increased regulatory scrutiny in China, we trimmed our holdings in Tencent and Alibaba significantly. We added new holdings in Ping An Bank, China Merchants Bank, Chinese diesel and hydrogen engine maker Weichai Power, and airline leasing company BOC Aviation.
- We believe that with a lessening of global trade tensions and the distribution of vaccines over the course of 2021, we are likely to see an ongoing global recovery. We expect to continue pivoting the portfolio toward more value and economically sensitive exposures, such as industrials and financials, with a view to the potential for a robust synchronous recovery globally.

Platinum European Fund

- European equity markets rallied significantly over the quarter. The mood was initially grim, with investors anxious about rising COVID-19 infection rates. However, sentiment turned sharply following the announcement of a leading vaccine candidate developed by BioNTech/Pfizer.
- The best-performing stocks in the Fund were banks (Bank of Ireland +109%, Banco Santander +55% from the Fund's entry point during the quarter) and travel-related industrials (MTU Aero Engines +50%, Airbus +45%).
- The approval of two highly effective vaccines holds out the prospect that 'normalisation' is tantalisingly close and markets have responded enthusiastically. However, we are conscious that COVID-19 will remain an overhang for some time and that the damage wrought to balance sheets will take years to repair. In our judgement, building up a cash position to enable us to take advantage of future market turbulence is worth the opportunity cost of forgoing some additional upside today.

Platinum Japan Fund

- Significant gains by long-standing holdings such as Hirano Tecseed (+58%), Sumco (+53%), Nitto Denko (+35%) and Toyota Motor (+15%) were augmented by recent purchases, such as Suncorporation (+39% from the Fund's entry point) and Yappli (+84% from the Fund's entry point).
- Following a number of new stock purchases, the Fund has recently been fully invested. The Fund now owns a diversified portfolio of Japanese companies with strong medium- and long-term prospects at reasonable valuations.
- We believe there are more than enough opportunities to construct an attractive portfolio in Japan. This reflects a stable political system, improving corporate governance and a relentless drive for innovation and new product development, that is set against the backdrop of a 30-year psychological trough, low overall valuations and extreme valuation dispersion.

Platinum International Brands Fund

- The availability of a vaccine drove a large re-rating of the Fund's holdings in consumer discretionary stocks, with our mid-tier department stores leading the contributions (Kohl's +120%, Aritzia +48%, Pandora +49%, Signet +46%).
- European banks (Bank of Ireland +109%, Banco Santander +57% from the Fund's first entry point during the quarter, Sberbank Russia +24%, Raiffeisen +28%) delivered strong share price appreciation as investor fears around severe pandemic-driven loan losses subsided.
- With valuations of many high-flying stocks in hot sectors well into bubble territory, we take comfort that many of our holdings remain below their pre-pandemic levels, while others have emerged from the pandemic in stronger competitive positions. Despite impressive appreciation from the lows, the overall portfolio remains a compelling value proposition.

Platinum International Health Care Fund

- Many holdings contributed to the Fund's performance. While the COVID-19 vaccine makers (CureVac +74%, Moderna +48%, BioNTech +18%) performed well, many other investments also made great progress, including Horizon Discovery (+94%), Pacific Biosciences of California (+163%) and Five Prime Therapeutics (+262%).
- During the quarter, we trimmed our mRNA vaccine holdings, initiated positions in many new biotechs and added to biotechs that have struggled to launch new therapeutics during the pandemic.
- The next decade will be an exciting period in biotech. With the COVID-19 vaccination phase now started, over the coming months we should see new drug launches that had been impacted by the pandemic improve gradually. On other fronts, Alzheimer's disease will likely be in focus, as will the liquid biopsy space, cell and gene therapies, and biomarkers.

Platinum International Technology Fund

- Strength was broad based across the Fund. Our semiconductor memory holdings (Samsung Electronics +39%, SK Hynix +41%, Micron Technology +60%), all reached new record highs. Stocks perceived to be secular winners still early in their life cycle (such as Appian +150%, Roku +76%, Twilio +37%) also continued to see their share prices race up.
- While there are increasing signs of speculative excess appearing in pockets of the market, some areas still appear relatively attractive and we are also presented with many interesting new businesses to better acquaint ourselves with. The dynamic nature of the technology sector should continue to offer up attractive opportunities for enterprising investors to make money on, and we remain firmly focused on ferreting out these opportunities.

Macro Overview

by Andrew Clifford, Chief Investment Officer

Regulation, Rates and Inflation - Risks to Watch in 2021?

While stock markets continued their strong run over the last quarter, from early November it was notable that many companies with economically sensitive (cyclical) businesses experienced strong stock price performance. Similarly, there were strong price moves across a broad range of commodities (particularly iron ore and copper) over this same period. These moves in markets are consistent with investors pricing in continuing improvement in the global economic outlook for the year ahead. The commencement of these stock and commodity price moves aligned with the US election and the announcement of successful COVID-19 vaccine trials.

While the high-flying growth stocks continued to perform well, the continued economic recovery potentially poses a threat via higher inflation and interest rates. Similarly, the 'anti-monopoly' movement is gaining momentum, not only in the US and Europe, but also in China, which represents a potential risk to the business models of many of the popular growth names. It is certainly too early to make such bold predictions about either interest rates or changes in regulatory regimes, but the unfolding of events over recent weeks lead us to restate our conclusion from last quarter that: ***We believe extreme caution is warranted in regards to the market's current 'high flyers', while opportunities abound elsewhere***.

The election of Joe Biden as the next US President is likely to reduce the uncertainty around the US-China relationship generally and trade and tariffs in particular. While the complaints around China's behaviour on various fronts, from the South China Sea to unfair trade practices, had strong bipartisan support in Washington and within the US government, it appeals to us that President-elect Biden is a far more conventional politician than his predecessor. As such, we would expect a more traditional negotiated approach to the various issues rather than random decrees issued via Twitter.

Such a considered approach is likely to recognise the deep interdependence of the US and China economies, especially in industries such as semiconductors and electronics, where neither side can operate without the other in the medium term. From a political point of view, we acknowledge that it would be difficult for President-elect Biden to outright reverse the bans on Huawei or lift recent sanctions on Chinese companies linked to the People's Liberation Army (PLA), potentially these measures can be quietly diluted over time. However, even if they stand, a more reasoned approach to trade and tariffs is likely. The importance of this, is the certainty that it brings both to businesses in making long-term investment decisions and for investors in assessing the long-term potential of companies.

At the time of writing, the Georgia Senate run-off elections were about to take place. Success in both seats would result in Democrats having effective control of the Senate and the potential for Biden's policies on infrastructure spending (including green initiatives), expansion of the Affordable Care Act (designed to provide affordable health insurance coverage for all Americans), funded by a reversal of some of Trump's tax cuts, to be put into place. Whether this result unfolds (the polls and betting markets suggest a very tight race), it is highly likely that substantial ongoing fiscal stimulus will occur. In the final days of 2020, the US Congress passed a stimulus bill valued at US$900 billion, or 4.4% of GDP. By any standard this is a significant fiscal spend, particularly when considered in light of the previous US$2 trillion of stimulus that is still flowing through the system and an economy that by all measures is recovering very quickly.[1]

1 Source: Congressional Budget Office, EY.

The news of successful COVID-19 vaccine trials and subsequent regulatory approvals reduces uncertainty on the pathway out of the pandemic. The day-to-day news regarding new COVID-related lockdowns in Europe (as well as locally), together with rising infections in the US make for sombre reading. However, the beginning of vaccination programs in the US and Europe offer a very clear light at the end of the tunnel. While there remain unanswered questions around the longevity of the immune response, new variants of the virus are developing, and there are significant logistical issues in dealing with the vast numbers involved, it is highly likely that substantial portions of the US and European populations will be immunised by the end of 2021. China has also approved a locally developed vaccine for use in the general population, which is likely to be used broadly in the developing world. It should also be noted that there are numerous other vaccines in late stages of development and through time, individual vaccines will be refined in response to outcomes of current programs.

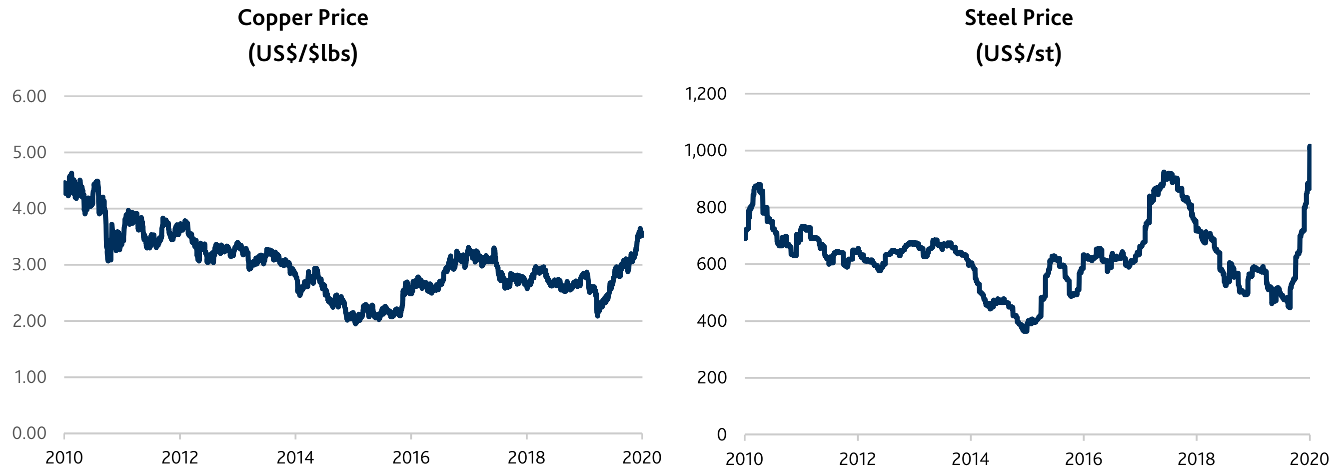
While we have been of the view that the development of an effective vaccine was highly likely (as discussed by portfolio manager and resident virologist, Dr Bianca Ogden in our March 2020 quarterly report[2]), the start of the vaccination programs significantly reduces the risk of shutdowns and travel restrictions continuing beyond the end of 2021. Again, this reduces the long-term uncertainty faced by businesses, particularly those impacted directly, such as travel-related industries. Of course, the year ahead remains difficult, but in the context of the stock market, the value of companies is determined by at least a decade of future profits, not just the next six to 12 months.

The 'anti-monopoly' movement has also continued to gain momentum not only in the US but also China. In the US, the Federal Trade Commission and 48 states filed two antitrust lawsuits against Facebook, focused on acquisitions and the impact on competition. The Department of Justice filed a case against Google claiming they used anti-competitive tactics to protect its monopoly over search. These cases join various actions in the European Union and Australia's move to make the likes of Facebook and Google pay other media outlets for the use of their content. In China, regulators outlined restrictions on how consumer data can be used in relation to anti-competitive practices. Investigations have also commenced into suspected anti-competitive practices at Alibaba, financial regulators having earlier suspended the initial public offering (IPO) of their financial arm, Ant Group.

The dominant e-commerce and technology giants have amassed huge user numbers over the last decade, providing them with enormous market power and highly profitable business models. Indeed, social media platforms have been seen as responsible for swaying elections and enabling uprisings. Our key point is that governments the world over will attempt to rein in this power, and as such there is a genuine risk of additional regulation for dominant players in e-commerce, payments and social media.

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

Fig. 1: Strong Recovery in Commodity Prices Post COVID-19 Lockdowns



Source: Copper: High Grade Copper (NYM $/lbs) from FactSet Research Systems (to 31 December 2020), Steel: US Midwest Domestic Hot-Rolled Coil Steel (CRU) Index (NYM $/st) from FactSet Research Systems (to 31 December 2020).

One interesting development has been shortages in a range of commodity products from steel to electronic components and silicon wafers, despite the global economy remaining at pre-COVID levels. The explanation behind these shortages are likely multifaceted. The demand for goods (electronics, autos, home furnishings and renovations) has been strong while services (travel, eating out and entertainment) has been weak. Thus, there has been a short-term boost in demand while suppliers of inputs potentially cut output on initial expectations of reduced demand or COVID-enforced closures. Potentially, these shortages and the associated higher prices may be relatively short-lived, however, a lack of significant investment in new capacity for a period of time in many of these industries may see longer-term shortages developing.

This has all occurred before any economic benefit that may accrue from the continued post-pandemic opening or improving business optimism following the US election. With governments around the world likely to continue spending to accelerate the economic recovery, this could potentially exacerbate the shortages over the course of 2021. While there is no evidence of a rise in inflation in goods and services in the major economies yet, it is easy to see an inflation scare unfolding as the year progresses.

The stock market bull run has continued, though the better performance of economically sensitive stocks is an interesting development. In most respects, the stock price recovery of these 'real world' businesses is hardly surprising. Economic activity continues to recover and vaccinations provide a pathway to full recovery over the course of 2021. The potential for better trade relations between the US and China under a Biden presidency point to less risk of the world slipping back into tariff-inspired manufacturing recessions, as experienced in 2018-19.

Governments continue to promise more spending, focused on real world activities, such as infrastructure and 'decarbonising' projects (i.e. renewable energy and electric vehicles). Additionally, valuations were generally deeply depressed, as investors avoided companies facing any uncertainty in their future earnings.

On the other hand, the speculative mania in growth stocks has continued to a large extent unabated. The market for new listings has remained excitable with many stocks continuing to debut at prices of 50% or more above their issue price. Issuance of special purpose acquisition companies (SPACs)[3] continue, as have elevated levels of retail participation in the market. Valuations have moved from extraordinary to even higher. The one area that has slowed somewhat are the 'megacap' FAANG stocks (Facebook, Amazon, Apple, Netflix and Google owner Alphabet), perhaps in response to the various antitrust initiatives, or possibly reflecting the beginnings of a loss of momentum for growth stocks more generally.

As we have stated in previous reports, manias tend to end abruptly. The significant bull markets of the last 40 years have come to an end when monetary conditions tighten. While it is hard to imagine a traditional central bank tightening cycle currently, potentially a slowing of the printing presses may be enough. Alternatively, an inflation scare could push long-term interest rates higher with ramifications for stocks whose valuations are based on the premise of near-zero interest rates.

When a collapse in the stock prices of growth stocks comes, it too should not come as a surprise. When companies are valued on multiples of sales (not profits) of 20 times or more, the probability that their business will meet investor expectations on growth rates and profitability, to justify the valuation, is simply remote. A select few may achieve what is needed to provide investors with a reasonable return, but in aggregate one should ultimately expect substantial losses on the holding of a portfolio of such stocks.

3 SPACs raise funds from investors and use those funds to acquire existing, privately held companies with the intention of taking them public via an IPO.

2020 was certainly a most unusual year and perhaps doubly so in the stock market. However, the two bedrocks of our investment approach remain. Firstly, **investors' cognitive biases will cause them to overemphasise recent events and news.** This means the best investment opportunities can often be found in areas the crowd is avoiding; while those investments the crowd is embracing are best avoided. There is nothing to suggest that 2020 has changed basic human psychology. Indeed, the evidence shows quite the contrary, with significant returns achieved in unpopular areas, such as semiconductors and commodities.

Our second fundamental investment principle is that **the price you pay for an asset will determine your return.** While you may buy overvalued stocks that move higher, over time this approach is unlikely to yield good returns, as ultimately the stock price will reflect assessments of future profits and cashflows from the business.

Of course, we know that speculative bull markets can run for a long time, but the pain for those investors who don't exit the party in time can be significant.

MSCI Regional Index Net Returns to 31.12.2020 (USD)

REGION	QUARTER	1 YEAR
All Country World	**14.7%**	**16.3%**
Developed Markets	**14.0%**	**15.9%**
Emerging Markets	**19.7%**	**18.3%**
United States	**13.0%**	**20.7%**
Europe	**15.8%**	**4.7%**
Germany	11.5%	11.5%
France	20.4%	4.1%
United Kingdom	16.9%	-10.5%
Italy	22.4%	1.8%
Spain	27.7%	-4.8%
Russia	21.6%	-12.5%
Japan	**15.3%**	**14.5%**
Asia ex-Japan	**18.6%**	**25.0%**
China	11.2%	29.5%
Hong Kong	15.5%	5.8%
Korea	38.3%	44.6%
India	21.0%	15.6%
Australia	22.9%	8.7%
Brazil	37.0%	-19.0%

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 31.12.2020 (USD)

SECTOR	QUARTER	1 YEAR
Financials	24.1%	-3.8%
Energy	23.9%	-28.6%
Materials	18.4%	20.9%
Industrials	15.7%	11.3%
Information Technology	15.2%	45.6%
Communication Services	14.9%	23.7%
Consumer Discretionary	14.5%	36.7%
Utilities	10.2%	3.8%
Real Estate	8.4%	-6.4%
Health Care	7.4%	14.9%
Consumer Staples	7.4%	8.1%

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.

Platinum International Fund

Andrew Clifford
Portfolio Manager

Clay Smolinski
Portfolio Manager

Performance

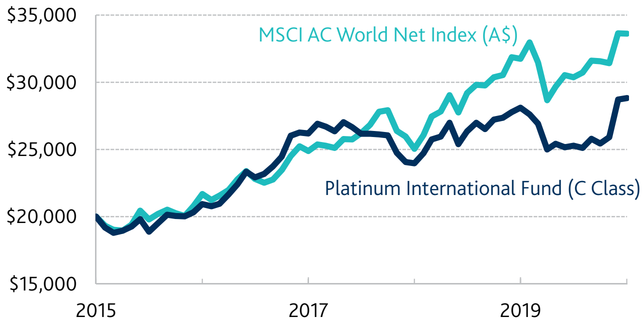
(compound p.a.+, to 31 December 2020)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Fund*	13%	3%	3%	8%	12%
MSCI AC World Index^	7%	6%	11%	11%	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

31 December 2015 to 31 December 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 13.3% for the quarter and 2.6% for the calendar year.[1]

Given the economic downturn, loss of jobs, collapse in profits and general uncertainty created by the COVID-19 pandemic, it is remarkable that the stock market[2] ended the year in strong positive territory. Having said that, the global economy has continued its recovery as we approach the post-COVID era.

During the quarter, key events included the announcement of successful COVID-19 vaccine trials and subsequent commencement of vaccination programs across the globe. While significant logistical challenges remain, given the enormity of the task, it provides a clear pathway to the end of lockdowns and restrictions over the course of 2021, ensuring an ongoing economic recovery.

The other event of note was the election of Joe Biden as the next US President, which brings a much greater level of certainty to the global business environment. While there was strong bipartisan support for the actions taken by the US against China on trade and security, we would expect a more conventional negotiated approach to these issues, that take into consideration the economic interdependence of the two nations. As such, it is likely that the election result will lead to improving business and investor confidence.

These events sparked a strong rally in the share prices of economically sensitive businesses that will likely benefit from the ongoing recovery, including many of the Fund's holdings. Our semiconductor stocks, led by memory chip producers **Samsung Electronics** (up 39% over the quarter) and **Micron Technology** (up 60%), were major contributors to performance. Spot prices for DRAM (memory) chips rose in the latter half of the quarter, as manufacturing for 5G mobile handsets ramp up for delivery in 2021. Aerospace companies **General Electric** (up 73%) and **MTU Aero Engines** (up 50%) and other travel-related stocks, such as **Amadeus** (airline booking systems, up 25%) and **Booking Holdings** (online travel agent, up 30%) rallied as the roll-out of vaccination

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

2 MSCI All Country World Net Index in AUD.

programs provided greater certainty on the return of international travel. Copper producers **First Quantum Minerals** (up 93%) and **Freeport-McMoRan** (up 66%) performed strongly on the back of a move in the copper price to over US$3.50/lb for the first time since the tail end of the Chinese capital spending boom in early 2013.

Another contributor to performance was the currency positioning of the Fund, which held a low 19% average exposure to the US dollar (USD) over the quarter. The USD depreciated against not only the Australian dollar (AUD), but also the Euro (EUR), Japanese yen (JPY), Korean won (KRW) and Chinese yuan (CNY), which together represent the majority of the Fund's currency positioning.

The main detractor from performance was the short position in the Nasdaq Index. At a stock level, key detractors included **China Overseas Land & Investment** (down 13%), which was impacted by the Trump administration's restrictions on US citizens owning some Chinese firms and **Barrick Gold** (down 22%), which gyrated with movements in the gold price.

Changes to the Portfolio

The Fund's net invested position increased over the quarter from 75% to 87%, with the main factor being the reduction of our Nasdaq Index shorts in November, which took our short book from 16% to 7%.

On currencies, since 20 March 2020 we have chosen to hedge out half of our natural position in the USD, with the proceeds invested in the EUR, CNY and AUD. This has resulted in a 17% exposure to the USD in the Fund at 31 December 2020. The rationale is that the US, having been unable to control the coronavirus, is certainly winning the race in terms of aggressive stimulus and money printing. While this will create economic activity, the offset is likely to be a weaker USD. The illustration of the weak dollar thesis playing out can be seen in the AUD, appreciating 12% vs. the USD over the last six months, while it has moved very little vs. the EUR or CNY.

In terms of changes to holdings, notable purchases included:

Louisiana Pacific (LP). LP is a US manufacturer of building materials, with its two main products being oriented strand board (OSB) and 'SmartSide'. Certain areas of residential building products can be highly attractive businesses, particularly where they are marketed directly to the consumer and national distribution is hard to replicate.

LP's SmartSide product fits this bill. It has carved out a duopoly with James Hardie in the premium US siding market, where its engineered wood siding has been taking market share for a number of years, given its better durability, cost of ownership and visual aesthetics versus alternatives like vinyl. This has allowed the siding business to grow at 10% p.a. for a number of years, while making high-teen earnings before interest and tax (EBIT) margins and a circa 30% return on capital.

While the company is currently benefiting from strong activity in the US housing market, there is still an underappreciation of the siding business, as evidenced by the significant valuation multiple difference between James Hardie and LP. Over the past decade, SmartSide has grown from 20% of LP's earnings to 40%, and over the next five years, it could comprise up to 60% and beyond, which would improve the quality of the group's earnings and warrant a higher multiple.

UPM-Kymmene Oyj (UPM). UPM is a Finnish-based pulp and speciality paper/wood products company. The business is investing in a number of high-returning projects that should drive considerable earnings growth over the next five years.

Disposition of Assets

REGION	31 DEC 2020	30 SEP 2020	31 DEC 2019
Asia	30%	29%	34%
North America	28%	27%	27%
Europe	19%	18%	14%
Japan	12%	13%	13%
Australia	4%	3%	3%
Africa	2%	1%	1%
South America	0%	0%	1%
Cash	5%	9%	7%
Shorts	-7%	-16%	-9%

See note 3, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	31 DEC 2020	30 SEP 2020	31 DEC 2019
Industrials	21%	19%	13%
Information Technology	17%	17%	14%
Materials	17%	13%	10%
Financials	14%	11%	16%
Consumer Discretionary	11%	12%	5%
Health Care	6%	8%	7%
Communication Services	4%	6%	12%
Real Estate	2%	2%	3%
Energy	2%	1%	5%
Utilities	0%	0%	0%
Consumer Staples	-1%	0%	0%
Other	-6%	-13%	0%
TOTAL NET EXPOSURE	87%	75%	84%

See note 4, 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/pif.

These include the completion of their 2.1 million tonne pulp mill in Uruguay. In planning for over 10 years, this mill is highly cost competitive in a global sense and will represent a 50% increase to their current pulp capacity. A second source of growth is UPM's expertise in using wood-based feedstocks to make high-quality renewable fuels and bioplastics. There is a strong push within Europe towards renewable solutions, both from the government and corporates, with demand for products like bioplastics completely outpacing supply. UPM is spending €1.6 billion to expand its bio-diesel/plastics production, with customers already offering to purchase the entire offtake.

Elsewhere, the Fund acquired a new position in **Banco Santander** (please see the Platinum European Fund report for a more detailed discussion on the stock and European banks) and continued to add to our positions in **InterGlobe Aviation** (Indian low-cost airline) and **AIA** (life insurer). These purchases were funded via trimming a number of our strong-performing travel-related stocks (**Amadeus**, **Booking Holdings**, **Vail Resorts**) and internet-related stocks (**Alibaba**, **Alphabet**, **Tencent**).

Outlook

We are cautiously optimistic in the medium term about the future returns of the portfolio based on the valuations and outlook for the companies in the portfolio. While we have seen strong stock price appreciation across many holdings, this has occurred in line with the improving prospects that were part of our original investment case for making these investments. The memory chip makers Samsung and Micron, or the copper producers First Quantum and Freeport-McMoRan, are cases in point. Both groups of companies have seen lifts in their product prices and thus profits, as a result of tightness in supply, which we expect will be maintained for a number of years. That we are still in the early stages of the post-COVID recovery provides additional support for the investment case. As such, we remain comfortable that these companies are still in the early stage of their business cycles and believe they can still produce good returns from here. The other element of our optimism is that even where we may start to trim some of these good performers, we continue to find new prospective ideas to add to the portfolio. In the shorter term, our concern is for the potential unwinding of the speculative mania in growth stocks. The end of the technology bubble in 2001 showed that it is feasible for our 'real' economy companies in the portfolio to appreciate while 'virtual' counterparts collapsed. While many investors may find it hard to envisage that a sell-off in these market favourites would not impact the rest of the market, it would only represent a reversal of the trend of the last two years that has been unprecedented in financial history.

The more concerning risk for future returns is the possibility of a financial accident akin to what happened during the global financial crisis (GFC). For years after the GFC, many commentators were obsessed with the idea that the world had too much debt (though it should be noted that they never provided a framework for thinking about what was the right level of debt). Today, after an enormous increase in indebtedness across the global economy, as a result of the fiscal policy response to the pandemic, perversely there is little discussion about the levels of debt. Indeed, the increasing attention to the idea of Modern Monetary Theory (MMT)[3] lends greater credence to the suggestion that levels of debt don't matter. While we can't provide the framework to say how much debt is too much, that this debt has been accrued at a time when there is such a high level of certainty that interest rates will stay at near zero levels, is an uncomfortable backdrop for investors. We would expect if stress develops in financial markets, the most likely warning bells will come in the debt markets. At this stage, there are no signs of any such stress in debt markets and indeed, they continue to perform strongly.

The difficulty in dealing with this type of risk is that it may or may not be realised, and if there is an event, it is likely to arise relatively quickly. We will continue our approach of taking advantage of investment opportunities as they arise, but also maintaining a relatively conservatively invested position by keeping cash reserves and short positions as insurance.

3 Modern Monetary Theory is based on the premise that if a country is responsible for issuing its own currency, then there are no limitations on how much money it can print (and hence spend) and therefore, the amount of debt it incurs is inconsequential. MMT has divided economists and market practitioners alike, with opponents arguing that this approach is inflationary.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Samsung Electronics Co	Korea	Info Technology	5.1%
Glencore Plc	Australia	Materials	3.5%
Ping An Insurance	China	Financials	3.1%
General Electric Co	US	Industrials	3.0%
AIA Group Ltd	Hong Kong	Financials	2.9%
Micron Technology	US	Info Technology	2.8%
LG Chem Ltd	Korea	Materials	2.8%
Microchip Technology	US	Info Technology	2.6%
Minebea Co Ltd	Japan	Industrials	2.4%
Ally Financial Inc	US	Financials	2.0%

As at 31 December 2020. See note 5, page 40.
Source: Platinum Investment Management Limited.

Platinum Unhedged Fund

Clay Smolinski
Portfolio Manager

Performance

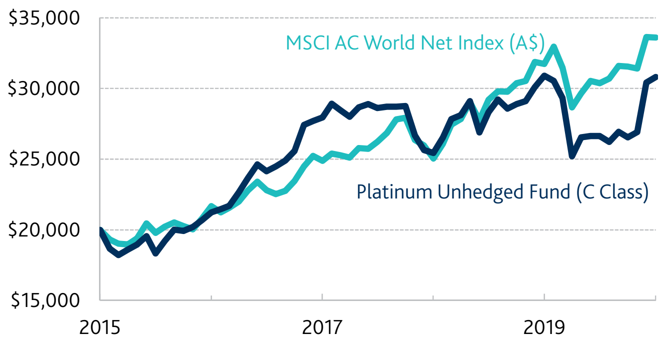
(compound p.a.+, to 31 December 2020)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Unhedged Fund*	16%	0%	3%	9%	11%
MSCI AC World Index^	7%	6%	11%	11%	8%

+ 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.
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

31 December 2015 to 31 December 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.

Over the calendar year, the Fund's return was roughly flat, with the December quarter proving far more interesting, with the Fund (C Class) rising 16.1%.[1]

The major reason for the strong returns during the quarter were the successful Phase 3 trials of the messenger RNA (mRNA)-based vaccines for COVID-19 announced in November by BioNTech/Pfizer and Moderna respectively.

Over the past six months, we have discussed the bull market underway in growth and safety stocks (the perceived COVID-19 winners), and the historically extreme valuation divergence that has emerged, with the cyclical stocks being left behind. The news of multiple successful vaccines has been a trigger for investors to reassess the outlook and this positioning. We have subsequently seen a sharp rotation back into the more cyclical (and attractively valued) areas of the market.

Along these lines, the major clusters of performance of the Fund were our holdings in areas that would directly benefit from a successful vaccine or would indirectly benefit from a broader economic recovery. The most notable were:

- **Travel:** We discussed the rationale for our travel holdings in the June 2020 quarterly report. The vaccine has allowed investors to begin looking past the current lockdowns and focus more on the long-term growth potential of these businesses, with **General Electric** (+73% over the quarter), **MTU Aero Engines** (+50%) and **Booking Holdings** (+30%) all rising in response.
- **Financials:** In a similar fashion, the change in outlook has seen investors take a more positive view on the size of probable loan losses and timing of when the banks will return to paying dividends. This triggered a strong price response in a number of our bank holdings, including **Bank of Ireland** (+109%), **Ally Financial** (+42%) and **Raiffeisen Bank International** (+28%).
- **Semiconductors:** We saw strong gains in our semiconductor holdings, with **Micron Technology** and

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

Samsung Electronics rising 60% and 39% respectively as the DRAM demand/price outlook looks favourable (with solid demand from cloud infrastructure and 5G phones) and the major players remain disciplined around adding new capacity.

Given the broad strength, the detractors in the portfolio were modest. **China Overseas Land & Investment** fell 13% under the cloud of the Trump administration placing restrictions on US citizens owning some Chinese firms. **Barrick Gold** fell 22% as it gyrated with movements in the gold price.

Changes to the Portfolio

Over the quarter we continued to build our position in **UPM-Kymmene Oyj (UPM)**. UPM is a Finnish pulp/paper/forestry company that over the past 15 years has migrated its business into differentiated and higher return on capital areas, such as wood-based specialty chemicals and speciality packaging and adhesives. The company has several projects to drive earnings over the coming years. The first project is the full ramp up of their 2.1 million tonne per annum low-cost Paso de los Toros pulp mill in Uruguay. This is UPM's second mill in that country, having been in the making for 10 years with UPM securing 424,000 hectares of low-cost wood fibre feedstock and rail and port facilities to enable export.

The second project is UPM's expansion of its existing biochemicals and renewable fuels capacity. Here UPM is making high-quality renewable diesel and bio-based glycols, with the latter used to make, for example, low $C0_2$ emission PET bottles. UPM's advantage is its unique ability to use wood-based waste products as the feedstock, rather than more common sources such as used cooking oil and soy/palm oil. This reduces the problem of feedstock price pressure experienced in other markets, as several players fight to obtain waste cooking oil or animal fats.

From the demand side, there is a clear push within governments and corporates to move to more environmentally sustainable solutions, whether it be for transport fuels or plastics. However, supply chains for these products often move slower than corporate goals, and UPM is receiving huge interest from consumer good companies to buy their new supply. A recent quote from PepsiCo captures the sentiment:

"PepsiCo is already one of the largest customers of food-grade recycled PET in the world… if there was more available, we would buy it, and if there were more markets where it could be used, we'd utilize it. Currently demand outpaces supply, especially for food-grade recycled PET".[2]

2 Source: PepsiCo 2020 Green Bond Report, October 2020.

Disposition of Assets

REGION	31 DEC 2020	30 SEP 2020	31 DEC 2019
North America	32%	30%	35%
Asia	28%	27%	26%
Europe	23%	22%	19%
Japan	8%	9%	7%
Australia	4%	2%	2%
Cash	5%	9%	11%

See note 3, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	31 DEC 2020	30 SEP 2020	31 DEC 2019
Industrials	26%	25%	21%
Information Technology	17%	17%	13%
Financials	16%	13%	15%
Materials	15%	11%	3%
Health Care	6%	9%	6%
Consumer Discretionary	5%	7%	4%
Real Estate	4%	4%	5%
Communication Services	3%	4%	13%
Energy	2%	1%	7%
Consumer Staples	0%	0%	2%
TOTAL NET EXPOSURE	95%	91%	89%

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

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Applus Services	Spain	Industrials	4.5%
Ally Financial Inc	US	Financials	4.4%
Samsung Electronics Co	Korea	Info Technology	4.3%
Microchip Technology	US	Info Technology	4.3%
Micron Technology	US	Info Technology	3.8%
LG Chem Ltd	Korea	Materials	3.5%
Glencore Plc	Australia	Materials	3.4%
Raiffeisen Bank	Austria	Financials	3.4%
General Electric Co	US	Industrials	3.2%
Takeda Pharma Co	Japan	Health Care	2.7%

As at 31 December 2020. See note 5, 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.

Overall, with the environmental movement providing high demand for its products, capacity expansion and the first signs of a rising pulp price, we believe UPM is in a good position to deliver a substantial increase in profits over the coming years.

Outlook

Looking forward we are mindful of two scenarios:

1. The first scenario is the ***status quo*** i.e. more of the same. Since the intensification of the US/China trade war in 2018 we have seen a bias to slowing growth, low inflation, and the rate hiking cycle of 2017 paused and moved to cuts. The COVID-induced recession has supported a view that this scenario will persist far into the future. This created huge investor demand for growth stocks. This has been the dominant trend in markets and we have to be open to the fact that this could persist.
2. The second scenario is to acknowledge that we have had a major shock and are now in an ***economic recovery***. As our economies re-open with a flood of stimulus behind us, this recovery could be quite powerful. Historically, from this point in the cycle, the best returns would be expected to come from cyclicals and the companies directly benefiting from that recovery. It is also clear that these types of stocks are where the relative value lies in markets today. As mentioned above, since November 2020 we have seen the market take small steps to embracing this view.

In constructing the portfolio, we are essentially weaving these two scenarios together. What this means in practice is, while we want to own stocks where there is value and a direct benefit from recovery, we are favouring companies where there are additional legs to the case – e.g. there must be a growth driver that will generate earnings, should the recovery take longer or be weaker than expected. Effectively there must be more than mean reversion.

In a similar fashion, we are happy to own businesses in the quality growth mould that are benefiting from long-term changes, but are focused on identifying tomorrow's growth companies that are not being priced as such today.

To illustrate, some examples of key groupings across the portfolio include:

- **20% in growth industrials**. These stocks are recovery beneficiaries but also have strong long-term stories e.g. UPM, Carrier and Indian truck-maker Ashok Leyland.
- **15% in semiconductors.** These holdings are powered by three major themes - investment in cloud infrastructure, internet of things (IoT) and 5G.
- **15% in financials.** These include our Chinese insurance holdings, which are benefiting from long-term growth, such as AIA, along with companies that have differentiated positions, such as Ally Financial and Raiffeisen Bank International.
- **12% in travel-related stocks.** Acquired during the peak of the COVID-19 lockdowns, our holdings have begun to perform strongly post the positive vaccine data. We believe many of these businesses will likely go back to being viewed as 'quality growth'. Examples include on-line travel agents like Booking Holdings or the Chinese leader Trip.com.
- **10% in internet and business services:** These include names such as ZTO Express, Facebook and Google.

Last quarter we pointed out that economic data had recovered far faster than the post-global financial crisis (GFC) period, particularly in China and the US. Today, this picture of a broad economic recovery continues. In the US, the housing sector is booming, US auto sales have made a V-shaped recovery and retail sales, are above pre-COVID levels.[3]

Importantly, this activity is flowing through to jobs, with the US unemployment rate now 6.7%. For context, during the GFC, US unemployment roughly doubled from 4.5% to 10%, then took four years to fall back below 7%. 2020 saw it rise from 3.5% to 15% to below 7% in the space of six months.[4]

A similar picture is being seen in China, where the major data points show its economy is in good health. Chinese retail sales and industrial activity have rebounded, auto sales over the last six months are 12% higher vs. 2019 and domestic air traffic volumes have fully recovered.[5]

Overall, given the picture of economic recovery and the return of investor interest in cyclicals since November, there is growing evidence we may be on the cusp of a change in market leadership. The portfolio is well-positioned should these trends continue.

3 Source: FactSet Research Systems. Housing starts: Seasonally adjusted annual rate (November 2020); Auto sales: Seasonally adjusted annual rate (December 2020); Retail sales: Seasonally adjusted (November 2020).

4 Source: FactSet Research Systems, seasonally adjusted (November 2020).

5 Source: FactSet Research Systems for retail sales and travel (November 2020). Evercore ISI for auto sales (November 2020).

Platinum Asia Fund

Andrew Clifford
Portfolio Manager*

Performance

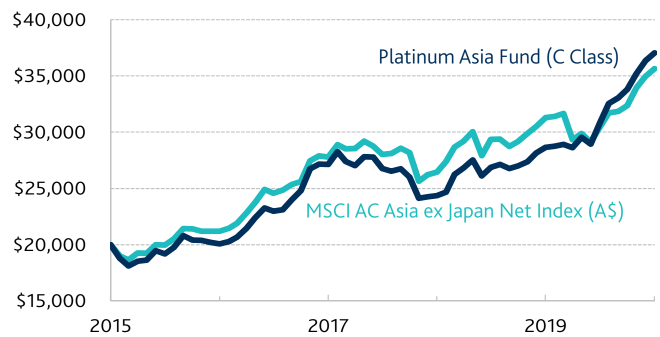
(compound p.a.+, to 31 December 2020)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Asia Fund*	10%	29%	11%	13%	15%
MSCI AC Asia ex Jp Index^	10%	14%	9%	12%	11%

+ 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

31 December 2015 to 31 December 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 9.6% for the quarter and 29.3% for the year.[1]

The December quarter saw further clear evidence that the Chinese economy, and the global industrial economy, had returned to growth.

This has implications for the Fund's portfolio. Our tilt away from cyclical value paid handsomely for the last year, but a resumption of global industrial growth after years of trade wars and a pandemic requires a shift back toward more economically leveraged companies like banks and industrials. This shift comes at the expense of exposure to the Chinese tech giants Alibaba and Tencent, with the added catalyst of Chinese regulatory scrutiny.

Our holdings in semiconductor chip makers and related stocks performed well during the quarter, with **Samsung Electronics** (+39% for the quarter), **SK Hynix** (+41%) and **Taiwan Semiconductor Manufacturing** (+22%) all providing strong contributions to the Fund's performance.

The ongoing economic recovery in China helped our Chinese consumer-related holdings – sporting goods maker **Anta Sports Products** rallied strongly (+53%), as did home appliance manufacturer **Midea** (+36%).

Given increased regulatory scrutiny, **Alibaba** was a detractor from performance for the quarter (-21%). Fellow Chinese tech giant **Tencent**, while well down from its highs in November, was actually a contributor to performance over the quarter (+10%), given its strength in October and early November.

Energy-related holdings detracted from performance, with **CNOOC** (-19% from the Fund's entry point during the quarter) and **Reliance Industries** (-11%) key detractors.

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.

* Andrew Clifford is managing the Asia Fund following the recent departure of Joseph Lai at the end of December 2020 (for further details please refer to: https://www.platinum.com.au/PlatinumSite/media/ASX-Releases/ptm_announcement_20201229.pdf). Andrew previously managed the Fund from 2003 until 2014. We will announce the internal replacement(s) shortly and investors will be notified with the issuance of a Supplementary Product Disclosure Statement.

Changes to the Portfolio

Given their strong performance in recent years and the current environment of increased regulatory scrutiny in China, we trimmed our holdings in both **Tencent** and **Alibaba** significantly during the quarter.

We also trimmed our holdings in semiconductor chip makers **SK Hynix** and **Samsung Electronics** given their significant share price rises over the quarter.

We added new holdings in two higher-quality Chinese banks (**Ping An Bank** and **China Merchants Bank**) and increased our holding in Indian bank **HDFC** during the quarter, as we pivot the portfolio toward more value and economically leveraged exposures.

Elsewhere, we initiated a holding in Chinese diesel and hydrogen engine maker **Weichai Power**, along with airline leasing company **BOC Aviation**.

Further context around current portfolio positioning is provided in the Commentary below.

Commentary

As noted above we sold down some of our largest holdings, particularly in the technology sector – including Tencent and Alibaba. We have been oriented toward best-in-class growth businesses in Asia for some time. We have been aware that this orientation would need to change to capture any genuine reflation rally as the global economy returns to life. The time to make this shift has arrived, we believe, with commodity prices, currencies and equity markets all signalling a shift toward value and economically leveraged assets.

A catalyst for action came on 10 November 2020, when China's State Administration for Market Regulation released draft antitrust rules. This followed a revision to anti-monopoly laws earlier this year that specified the monitoring of the impacts of internet companies on outcomes in markets in which they operate. Behaviour targeted by the draft regulation includes: predatory pricing practices; forced exclusivity to gain access to platforms; forced bundling of transactions; and price discrimination using data on individuals. Challengers like ele.me in food and JD.com in goods e-commerce may be advantaged at the cost of incumbents; but more broadly, many as-yet-unknown challengers could erode industry economics. We have no way of knowing whether these measures will be enforced, but we are inclined to take them seriously, hence our move to trim holdings in Chinese tech giants. The situation was further complicated in late December and early January by the possible disappearance of Alibaba founder Jack Ma.

The Trump administration continued its aggressive stance toward not just China but other exporting nations, launching an investigation into the trade practices of Vietnam during the quarter, with particular focus on whether the country is a currency manipulator. The aggressive and bilateral trade policy pursued by the Trump administration has reduced certainty for capital allocators in global supply lines: when Germany, Canada, Mexico, Vietnam, Japan and China have all been threatened with trade sanctions, it is difficult for businesses to know where to invest in global supply chains, particularly as such investments require many years to earn a return on capital. It is unsurprising in this context that we have been in an industrial recession globally for nearly three years, on our analysis.

Disposition of Assets

REGION	31 DEC 2020	30 SEP 2020	31 DEC 2019
China	45%	45%	45%
Korea	13%	13%	11%
India	8%	9%	11%
Hong Kong	7%	8%	9%
Taiwan	7%	9%	7%
Vietnam	3%	3%	3%
Philippines	2%	1%	3%
Thailand	2%	2%	3%
Singapore	1%	0%	0%
Macao	1%	1%	0%
Cash	12%	9%	8%
Shorts	0%	-4%	-1%

See note 3, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	31 DEC 2020	30 SEP 2020	31 DEC 2019
Information Technology	22%	23%	19%
Consumer Discretionary	21%	26%	20%
Financials	15%	11%	18%
Communication Services	7%	10%	12%
Industrials	6%	3%	6%
Real Estate	5%	5%	6%
Materials	3%	3%	1%
Energy	3%	3%	3%
Consumer Staples	2%	3%	1%
Health Care	1%	1%	2%
Utilities	0%	0%	0%
Other	3%	-2%	3%
TOTAL NET EXPOSURE	88%	86%	91%

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

We think the evidence is plain that the global industrial economy, and China in particular, are once again growing. China's manufacturing Purchasing Managers' Index (PMI) readings indicate an economy in solid expansion, with readings above 50 since the significant decline in the PMI in March 2020 due to the impact of COVID-19. Moreover, there has been some mild reacceleration since May 2020. Evidence of a strong industrial recovery is apparent globally. Domestic Chinese metallurgical coal prices are near four-year highs; global steel prices are surging – for instance US hot rolled coil prices are at their highest levels since 2018 and Japanese steel prices rose in November for the first time in 29 months; Shanghai Futures Exchange copper inventories are at their lowest levels since 2014; and London Metal Exchange copper prices are near eight-year highs. Moreover, there have been confirming moves in Asia's key trade-related currencies – with the Korean won and Chinese yuan both reaching two-year highs against the US dollar during the December quarter.[2]

Amid this industrial recovery, our quality cyclical exposures in China continue to perform well. As mentioned above, we added **Weichai Power** over the quarter, a leading heavy-duty truck (HDT) engine maker in China. China's HDT recovery is helped by China's upgrade of emission standards and saw 35% p.a. unit growth in the first eleven months of 2020 versus the prior period in 2019.[3]

We have memory exposure through the oligopolistic DRAM makers **Samsung Electronics** and **SK Hynix**. They have shown willingness to reduce capacity by converting excess DRAM capacity to image sensors, and DRAM prices are starting to rebound. Their capacity expansion in coming years also appears highly rational, pointing to further support in memory prices. For Samsung, it is also the beneficiary of Huawei sanctions, as its telco business has been taking market share in the USA with the recent US$6.65 billion deal to build Verizon's 5G network.

We continue to own **Taiwan Semiconductor Manufacturing** (TSMC) alongside Samsung to benefit from the oligopolistic structure of the advanced node semiconductor foundry industry. Both Samsung and TSMC are investing heavily to widen the gap with contenders. In addition, they are benefiting from more companies choosing to bring chip design in-house e.g. Apple with their M1 chip and Amazon with their Graviton cloud computing chip. Further, TSMC is benefiting from the widespread chip shortage as global supply chains restock inventories. As a result, the utilisation for TSMC's highly profitable mature node production line is expected to remain high from the strong demand overflow in the second half of 2020.

In India, the central government introduced further initiatives to promote investment in local manufacturing under its "Make in India" agenda. Prior "Production Linked Incentives" (PLI) were expanded from mobile phone assembly, medical devices and bulk drugs to include a further 10 sectors - automobiles, electric vehicle (EV) batteries, complex pharmaceuticals, telecom equipment, textiles, food products, speciality steel, white goods, electronic products and solar photovoltaic (PV) modules. We are yet to see large capital expenditure (capex) commitments to take advantage of the support for medical devices or bulk drugs. If the full US$20 billion new PLI package was taken up over five years this would equate to 6% of current Indian gross domestic product (GDP). Manufacturing only represents 15% of Indian GDP, employing 12% of the country's labour force, so this would be a meaningful increase. India's economy is dominated by services (50%) and, while the agriculture sector employs 42% of the labour force, it only contributed 16% of India's GDP in 2019. Such policies support the Fund's investment in leading manufacturing businesses such as **Maruti Suzuki India**, which is progressively scaling up exports from new production facilities in Gujarat.[4]

2 Source: PMI: FactSet Research Systems; Industrial recovery: BMO; Commodity prices: Bloomberg; Korean won and China yuan: FactSet Research Systems.

3 Source: Morgan Stanley.

4 Source: Citi, government releases, https://www.makeinindia.com/schemes-for-electronics-manufacturing-in-india#:~:text=The%20Production%20Linked%20Incentive%20(PLI,and%20Packaging%20(ATMP)%20units.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Samsung Electronics	Korea	Info Technology	6.7%
Taiwan Semiconductor	Taiwan	Info Technology	6.0%
AIA Group Ltd	Hong Kong	Financials	4.0%
Tencent Holdings	China	Comm Services	3.7%
SK Hynix Inc	Korea	Info Technology	3.4%
Ping An Insurance	China	Financials	3.0%
Kingsoft Corp Ltd	China	Info Technology	3.0%
LG Chem Ltd	Korea	Materials	2.9%
HDFC Bank	India	Financials	2.8%
Midea Group	China	Cons Discretionary	2.6%

As at 31 December 2020. See note 5, 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.

Another prevailing theme across the Indian market has been the recovery of the banking sector, which has outperformed the Nifty 50 Index by 19% over the last three months.[5] Despite ballooning COVID-19 cases, one of the most severe lockdowns globally, unprecedented economic contraction (-23.9% in the second quarter and -7.5% in the third quarter[6]) and a Reserve Bank of India (RBI)-mandated moratorium on loan repayments (which according to the RBI saw as much as 40% of outstanding loans in the system in deferral at its peak in mid-August), the early signs appear encouraging after the second moratorium was lifted. Banks raised more than US$10 billion in fresh equity to improve capital adequacy in a timely manner and the RBI's Emergency Credit Line Guarantee Scheme (ECLGS) has provided support to the fragile micro, small and medium enterprise (MSME) sector. Following the lifting of the moratorium, collection efficiency has improved to as high as 97% for HDFC Bank, as high as 95% for the more cyclical commercial vehicle market and has remained largely stable for the last three months.

Given the moratorium and the RBI's allowance of one-time restructuring of loans under COVID-induced stress by March 2021, data is yet to reflect stress in terms of an increase in gross non-performing assets. What in hindsight appears a conservative stress test, in its mid-year Financial Stability Report the RBI estimated system gross non-performing assets could increase from 8.5% in March 2020 to 12.5-14.7% by March 2021.[7] Rating agency estimates of loans to be restructured at 5-8% appear conservative compared to initial commentary from individual lenders at 3-5%. For the larger private lenders, such as HDFC Bank, consensus is moving lower towards 2% of assets to be restructured.

The December quarter reporting period will shed more light on credit slippage, restructuring and ultimate credit costs. Nonetheless, many of the leading private banks have emerged from the crisis stronger, with strong liquidity and excess provisioning, and are now refocusing on loan growth, supported by lower funding costs. HDFC reported a 20% year-on-year increase in retail mortgage disbursements in October, which likely reflects pent-up demand due to challenges with credit evaluation at branches during the lockdown as well as a buoyant festive season. While system credit growth has been relatively poor over the immediate years prior to COVID-19, the long-term case for well-run private banks that have appropriately invested in digital platforms remains intact. India still remains a largely under-banked retail market with the penetration of mortgages at less than 10% versus 60-70% in Western markets.[8] As a result, the Fund increased its position in leading Indian bank **HDFC** during the quarter.

The Fund has been well positioned for the recovery underway in air traffic and progress surrounding vaccine development, with investments in a high-quality online travel agent (OTA) in China, **Trip.com**, a locally dominant and well-capitalised airline in India, **InterGlobe Aviation** and a Chinese hotel group, **Huazhu**. During the quarter, the Fund invested in **BOC Aviation (BOCA),** a top 10 global aircraft lessor. BOCA has a 27-year track record leasing aircraft, originally as a subsidiary within Singapore Airlines and more recently under the ownership of Bank of China. BOCA has one of the longest duration lease portfolios among lessors with an average lease term of 8.5 years with only 2% of leases expiring in each of 2021 and 2022.[9] Its average fleet age is only 3.5 years with a skew towards in-demand narrow body aircraft. BOCA has taken advantage of its A- credit rating and Bank of China parent support to countercyclically increase its asset portfolio at a time where funding options have narrowed for competitors and airlines that had previously funded aircraft via their own balance sheets are forced to turn to the lease market. BOCA's ability to secure higher-returning purchase and leaseback transactions with higher-quality customers, coupled with competitive funding costs, in our view should translate to solid net interest margin growth after 2021, as credit costs normalise.

Outlook

We believe that with a lessening of global trade tensions and the distribution of vaccines over the course of 2021, we are likely to see an ongoing global recovery. We would highlight that the strong data, commodity price and currency movements cited above come amid ongoing lockdowns and disruption in major economies, both in Asia and globally, and the recovery cited is likely to gain momentum as major economies emerge from these disruptions. We are likely to continue to pivot the portfolio toward more value and economically sensitive exposures, such as industrials and financials, with a view to the potential for a robust synchronous recovery globally.

5 Source: FactSet Research Systems, Platinum analysis.

6 Source: FactSet Research Systems.

7 Source: https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=50122

8 Source: HDFC corporate presentation.

9 Source: BOCA corporate presentation.

Platinum European Fund

Nik Dvornak
Portfolio Manager

Performance

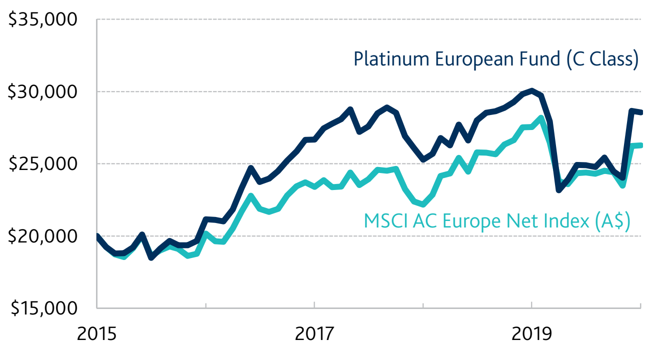
(compound p.a.+, to 31 December 2020)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum European Fund*	17%	-5%	2%	7%	11%
MSCI AC Europe Index^	8%	-5%	4%	6%	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

31 December 2015 to 31 December 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 16.6% for the quarter and -5.0% over the year.[1]

European equity markets rallied significantly over the quarter. The mood was initially grim, with investors anxious about rising COVID-19 infection rates. However, sentiment turned sharply following the announcement of Phase 3 trial results for BNT162b2, a leading COVID-19 vaccine candidate developed by BioNTech and Pfizer.

This vaccine demonstrated 95% efficacy. While the data are only preliminary, the market had been expecting efficacy in the 70-75% range typical for flu vaccines. A very similar vaccine developed by US-based Moderna, reported almost identical efficacy soon after.

The availability of multiple, highly effective vaccines is crucial because no single vaccine can be produced in enough quantity to suppress the pandemic. While the COVID-19 ordeal is by no means over, the availability of highly effective vaccines significantly truncates the distribution of adverse outcomes. This is what markets are reacting so positively to.

The Energy, Financials and Consumer Discretionary sectors led the market higher, while Healthcare and Consumer Staples lagged. Export-facing sectors remain in favour, reflecting the strong economic recovery in China and the absence of a second wave of infections in that country.

The best-performing stocks in the Fund over the quarter were banks (**Bank of Ireland** +109%, **Banco Santander** +55% from entry point during the quarter) and travel-related industrials (**MTU Aero Engines** +50%, **Airbus** +45%). Positions that detracted from the Fund's performance were mostly healthcare stocks (**MorphoSys** -13%, **Roche** -2%) and internet stocks (**ASOS** -7%, **Schibsted** -11%).

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.

Changes to the Portfolio

Banco Santander was added to the portfolio early in the quarter, significantly increasing our exposure to European banks.

The negative narrative surrounding European banks is simple. There is a strong, prevailing belief that interest rates in Europe will not rise. Not this year, not next year and perhaps not even this decade. Negative interest rates are a tax; one that banks can pass on to customers or retain for shareholders. Currently shareholders are taking the hit. The other grievance is that the regulatory agenda is one-sided. Shareholders' ability to earn fair compensation for risking their capital is relentlessly undermined by overzealous regulators.

Such strongly held views are typically painfully instilled over many years and can numb some investors to positive developments or counterevidence. Consider the absence of discussion about the following.

- European banks entered this crisis well capitalised. No major European bank raised capital or had difficulty accessing funding this year.
- Governments reacted quickly to support the household and business sector during the pandemic, ***effectively nationalising credit risk***.
- Banks with overlapping footprints are merging with the blessing of regulators.
- Costs are being cut aggressively.
- Negative interest rates are increasingly being passed on to both business and household depositors, while monthly account fees are rising sharply.
- Prior to the pandemic, regulators had allowed increasing dividend payouts and eased some capital requirements.

European banks were extremely unloved and we felt the case for owning them was compelling, albeit highly uncomfortable.

Banco Santander is a multinational banking group. Its main operations are in Spain, UK, USA, Brazil and Mexico. The highly profitable operations in Brazil and Mexico are the jewels in the crown. The US business skews to the riskier end of consumer lending which, properly managed, can be highly profitable. On the other hand, the UK and Spain are highly competitive markets with weak credit demand and low interest rates. Earning an adequate return there will require improvement in the external environment and management action.

Disposition of Assets

REGION	31 DEC 2020	30 SEP 2020	31 DEC 2019
Germany	15%	18%	17%
United Kingdom	13%	12%	7%
Spain	10%	9%	6%
France	9%	8%	4%
Switzerland	9%	8%	8%
Romania	7%	8%	7%
Ireland	7%	5%	6%
Norway	6%	7%	11%
United States	6%	6%	11%
Austria	4%	4%	6%
China	4%	4%	3%
Finland	3%	0%	0%
Italy	2%	2%	3%
Netherlands	2%	1%	0%
Denmark	1%	2%	1%
Australia	0%	0%	3%
Poland	0%	1%	2%
Russia	0%	2%	1%
Cash	3%	2%	2%
Shorts	-14%	-4%	-5%

See note 3, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	31 DEC 2020	30 SEP 2020	31 DEC 2019
Financials	25%	22%	24%
Industrials	19%	19%	19%
Consumer Discretionary	11%	13%	13%
Health Care	11%	17%	17%
Communication Services	9%	10%	5%
Energy	6%	4%	8%
Materials	5%	2%	5%
Information Technology	3%	6%	3%
Real Estate	2%	2%	2%
Consumer Staples	0%	-1%	-3%
Other	-8%	0%	0%
TOTAL NET EXPOSURE	83%	94%	92%

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

We paid 1.5x earnings before tax and loan loss provisions for this business. Thinking back to the Global Financial Crisis (2008-09) and the European Sovereign Debt Crisis (2012-13) banks rarely traded below 2.5x on this measure. Yet those were true existential crises. In 2009, the fear was not that some banks would fail but that ***all*** banks would fail. In 2013, the fear was that the financial order in some large developed economies would collapse entirely. By contrast, in 2020 the concern is simply that banks face reduced profitability. The share price action of European banks in 2020 was essentially an almighty dummy-spit by investors, aggravated by years of successive disappointment, which gave us a rare buying opportunity.

The other major change to the portfolio was that we trimmed a number of our larger positions. For context, earlier in the year, we used the sharp fall in equity prices to set the portfolio on an aggressive footing. We reduced our cash to a minimal amount, using it to buy what we considered to be superior businesses that had been abandoned by panicked investors. We also largely eliminated our short positions.

Over the last six months, equity markets rallied significantly and a number of individual holdings had come to account for a large share of our capital. We are mindful that individual businesses are subject to idiosyncratic shocks and felt it prudent to trim these positions. The companies we trimmed included **BioNTech**, **Hypoport**, **Amadeus** and **Bank of Ireland**.

We have also added an index short position to provide some downside protection as many segments of the market have surged to new highs.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Booking Holdings Inc	US	Cons Discretionary	4.1%
Fondul GDR	Romania	Financials	3.9%
Raiffeisen Bank	Austria	Financials	3.8%
Prosus NV	China	Cons Discretionary	3.7%
Bank of Ireland	Ireland	Financials	3.7%
Hypoport SE	Germany	Financials	3.6%
MTU Aero Engines	Germany	Industrials	3.6%
Applus Services	Spain	Industrials	3.6%
Informa PLC	UK	Comm Services	3.5%
Beazley PLC	UK	Financials	3.4%

As at 31 December 2020. See note 5, 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.

Outlook

The approval of two highly effective vaccines holds out the prospect that 'normalisation' is tantalisingly close and markets have responded enthusiastically. This is particularly relevant for many of the companies we own, which were badly affected by the lockdowns.

That being said, we are conscious that COVID-19 will remain an overhang for some time and that the damage wrought to balance sheets will take years to repair. This is particularly relevant for the government sector where large fiscal deficits are now commonplace.

A key challenge for investors will be to understand the evolving role of the government in the economy. To what extent can stimulus be wound back and deficits reduced without disrupting the recovery? Will citizens demand governments similarly nationalise losses in future downturns? Can central banks ensure the availability of low-cost funding for governments in future years and what will be the repercussions? What role will free markets play, not least in relation to capital allocation, credit risk and moral hazard?

While much is uncertain at this point, two things seem fairly clear. First, the government will play a much larger role in the economy in coming decades than was the case in prior decades. Second, central banks have now abandoned even the pretence of being independent institutional guardians of the purchasing power of money, reassuming their traditional role as flunkies of their respective finance ministries. These changes will have major ramifications for stock, bond, real estate and currency markets alike.

Markets have now rallied significantly from their March lows. While the news on the vaccine front is unambiguously positive, in our judgement, building up a cash position to enable us to take advantage of future market turbulence is worth the opportunity cost of forgoing some additional upside today. However, we are well aware that our bias will be to underestimate that size and duration of the resulting rally. Therefore, we are actively working to temper our instincts and reduce our exposure only gradually.

Platinum Japan Fund

Scott Gilchrist
Portfolio Manager

Performance

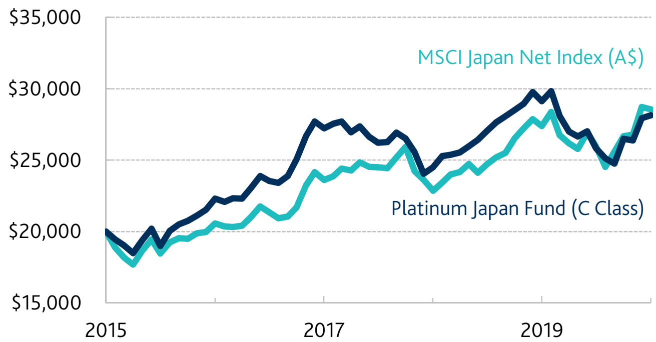
(compound p.a.+, to 31 December 2020)

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

31 December 2015 to 31 December 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 6.2% for the quarter and -3.4% over the year.[1]

The significant gains during the quarter were provided by long-standing holdings, such as **Hirano Tecseed** (+58% over the quarter), **Sumco** (+53%), **Nitto Denko** (+35%) and **Toyota Motor** (+15%). These were augmented by recent purchases, such as **Suncorporation** (+39% from the Fund's first entry point during the quarter) and **Yappli** (+84% from the Fund's first entry point during the quarter).

Key detractors from performance over the quarter included **Rakuten** (-12%), **Hogy Medical** (-7%) and **Anritsu** (-4%).

Following a number of new stock purchases, the Fund has recently been fully invested.

Changes to the Portfolio

As mentioned above, the Fund made a number of new investments during the quarter, including Suncorporation and Yappli.

Suncorporation owns a leading global security company focused on mobile phones in addition to a range of legacy businesses.

Yappli is a software abstraction layer, which produces Apple and Android apps in a no-code environment.

Following these purchases, the Fund now owns a diversified portfolio of Japanese companies with strong medium- and long-term prospects at reasonable valuations.

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. Returns for stocks purchased during the quarter are calculated from the price on the date of purchase to the price on 31 December 2020.

Disposition of Assets

REGION	31 DEC 2020	30 SEP 2020	31 DEC 2019
Japan	89%	88%	91%
Korea	11%	9%	6%
Cash	1%	3%	4%
Shorts	-1%	-3%	-6%

See note 3, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	31 DEC 2020	30 SEP 2020	31 DEC 2019
Information Technology	31%	21%	15%
Consumer Discretionary	17%	11%	19%
Health Care	15%	18%	12%
Industrials	15%	11%	18%
Communication Services	9%	26%	12%
Materials	5%	4%	4%
Energy	3%	0%	5%
Financials	2%	3%	2%
Consumer Staples	1%	1%	2%
Real Estate	0%	0%	0%
TOTAL NET EXPOSURE	98%	94%	91%

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

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Toyota Motor Corp	Japan	Cons Discretionary	5.2%
Samsung Electronics	Korea	Info Technology	5.1%
Minebea Co Ltd	Japan	Industrials	4.6%
Rakuten Inc	Japan	Cons Discretionary	4.5%
Nintendo Co Ltd	Japan	Comm Services	4.1%
Astellas Pharma	Japan	Health Care	3.8%
GMO Internet Inc	Japan	Info Technology	3.5%
Takeda Pharma Co	Japan	Health Care	3.4%
Oracle Japan	Japan	Info Technology	3.3%
EISAI Co Ltd	Japan	Health Care	3.1%

As at 31 December 2020. See note 5, 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/pjf.

Commentary

Leadership Change Accelerates Digital Transformation of Japan

Long-standing Japanese Prime Minister Shinzo Abe announced his resignation in August last year and was succeeded by Suga, his staunch supporter and Chief Cabinet Secretary. He retired as the longest-standing Prime Minister in Japanese political history. Abe-san's second term will be remembered for his Three Arrows of: Monetary Policy; Fiscal Policy; and Growth Strategy and Structural Reform. The likely counterfactual is that without Abe's stability and reform, the country would be in a far worse position today. His successor, Yoshihide Suga is 72 years old. His core focus is privatisation and structural economic reform; thus, his tenure will trend in Abe's direction with added emphasis on the Third Arrow.

Japan recently entered a State of Emergency in key population centres. This is a pre-emptive move to restrict the spread of the virus. Further, the details of the restrictions show a targeted and science-based approach, which balances many competing needs. Japan on the whole has handled the COVID-19 pandemic well, as has most of Asia. Japanese companies such as Honda and Nissan both assemble cars in Wuhan where they were impacted by the early stages of the outbreak. This knowledge spread quickly across the Japanese archipelago and into the hundreds of Public Health Centres founded by the Americans who designed them to fight infectious disease. Their competent staff located clusters, tracked infection links and conducted tests. It's not at all surprising that Japanese mortality has been amongst the lowest in the developed world, nor that many Asian countries have emerged earlier and stronger.

The fundamental building blocks of industrial society, bullocks, canals, railroads, automobiles, have changed through the generations and are currently shifting dramatically. This broad and deep transformation is most evident in the USA, across money (central banking), transport (batteries, automation), geopolitics, employment structures and society.

In Japan, however, change has been held back by innate respect for tradition and their ingrained parsimonious behaviours. For example, fax machines and hanko stamps are still used widely across Japanese society and corporations. In fact, temples have been holding memorial services for the demise of physical stamps. The company, GMO Internet and their internet service Agree have seen a 20-fold increase in digital contracts over the last 12 months, and a recent scan of SaaS (software as a service) companies in Japan unearthed hundreds of dynamic domestic-bred entities across the various ecosystems.

Japan's economy has been forged in the North Asian transformation of recent decades. Korean autos and semiconductors are globally competitive, if not leaders. Chinese corporate progress and economic development have been relentless with the help of low-cost labour. The timing of North Asia's resurrection was unfortunate for Japan as an expensive and highly developed nation.

Japan has subsequently evolved to dominate global niches and many of the 4,000 listed companies are essential to global supply chains. Examples, such as Hoya, supply all of the mask blanks for extreme ultraviolet lithography (EUVL), while Lasertec sells the critical inspection tools. It is almost impossible to build a robot without Japanese components. Companies like Toyota, Keyence, Nidec, Minebea and Murata illustrate global reach, while SoftBank and Rakuten show a more energetic spirit.

It surprises many that the total Japanese workforce is now at record highs. The Japanese female participation rate has surpassed many Western nations. Japan is widely accepted as having good credentials in environmental, social and governance (ESG) issues. The 'environmental' comes through in companies such as Toyota and the Prius, while 'governance' continues to improve as seen by recent corporate action at Lixil, the absorption of NTT Docomo by its parent, and Nitori's aggressive takeover bid for Shimachu are certainly just the bow wave. Dividend payouts and share buybacks have risen in recent years. Japan is a local maximum for many things in Asia, including ESG.

Various Japanese market indices recently rose to 29-year highs. Some broad markers are at all-time highs. Over the last three decades, the composition of the listed market has changed significantly, reflecting the underlying economic changes and renewal. While these are businesses with long paths ahead, many of the older businesses are seeing a cyclical revival and value investors have noticed the attractions of the Japanese trading houses.

As you would expect at the end of a 30-year bear market, broad swathes of the market are at multi-decade low valuations. A recent hunt for 'cheap stocks' uncovered a list of 2,000 companies with some having more cash than their market capitalisation.

The market is not the economy though. It is time to reassess Japan from a different perspective; reconsider time horizons and the power of hindsight bias. Such psychological pitfalls are well known and understood, but ongoing reminders help us outwit them. The psychology of domestic Japanese investors is changing; don't miss the shift.

Outlook

The global backdrop appears uncertain, yet the system trundles on. Despite the swirling problems, it is hard not to notice the looming shortages of some critical components and surging prices for various commodities and services. In many ways, the aftershocks of the pandemic will be felt for many years to come.

The pandemic has been a Rorschach Test for governments and societies around the world. In this context, the stability of the Japanese system stands out. In our last quarterly report, we stated: : "*While the political system seems to have transitioned calmly following seven years of Abenomics, corporate governance continues to improve while the relentless drive for product improvement is augmented by growing innovation and new product development. This is set against the backdrop of a 30-year psychological trough, low overall valuations and extreme valuation dispersion. In combination with waves of innovation and disruption only seen a few times every century, we believe there are more than enough opportunities to construct an attractive portfolio in the Japanese stock market.*" This sentiment remains true.

Platinum International Brands Fund

James Halse
Portfolio Manager

Performance

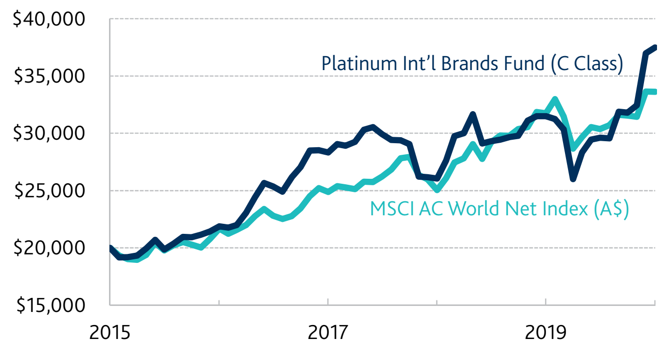
(compound p.a.+, to 31 December 2020)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Brands Fund*	18%	19%	10%	13%	13%
MSCI AC World Index^	7%	6%	11%	11%	4%

+ 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

31 December 2015 to 31 December 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.

Risk assets rallied strongly during the quarter on the back of the release of positive data from the BioNTech/Pfizer and Moderna vaccine trials, the approval of these vaccines by the US Food and Drug Administration (FDA), as well as a resolution to election uncertainty in the US. In that context, the Fund (C Class) produced a strong quarterly return of 17.9%, with November producing the best monthly return in the Fund's history (14.0%). Our active currency positioning with low exposure to the US dollar, helped mitigate the impact of the strong Australian dollar over the quarter.[1]

This capped a tumultuous year, with events that have affected all of us directly. Perhaps the biggest surprise of 2020 is that despite a global pandemic, ravaging bushfires and increasing geopolitical quarrels, investors who withstood the extreme volatility received a surprisingly pleasant 6% return from international markets. Investors in the Fund gained 19% for the calendar year.

With the availability of a vaccine now a current fact rather than a future possibility, investors became willing to ascribe much greater value to the businesses hardest hit by the pandemic. This drove a large re-rating of our substantial holdings in consumer discretionary stocks. Likewise, a perceived reduction in the risk of business bankruptcies and positive implied flow-on impacts to employment, led investors to improve their views of likely loan losses for our bank holdings, which triggered strong gains.

Our ownership of such stocks is not the result of some perverse desire to invest in volatile businesses exposed to economic fluctuations, but rather a reflection of the consistent application of our investment process. Regular readers of this quarterly report may recall periods when the Fund has had significantly different positioning, with substantially smaller exposure to discretionary stocks, financials and the US market, and much larger exposure to digital-related businesses and China. Our current positioning, as always, is a function of where we believe the best opportunities lie to generate excess returns on a risk-adjusted basis.

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.

The substantial downward repricing of any stock heavily exposed to pandemic-related impacts, created a unique opportunity to acquire positions at valuations that implied substantial cash losses in the medium term and/or much reduced profits over an extended period. We took advantage of this buying opportunity, and the Fund's returns since the beginning of the market rebound at the end of March are a direct reflection of that.

Bank of Ireland led the contributions to Fund returns this quarter as its stock price doubled from very depressed levels. Fellow European banks **Banco Santander** (+57% from the first entry point during the quarter), **Sberbank Russia** (+24%), **TCS Group** (+24%) and **Raiffeisen Bank International** (+28%) also delivered strong share price appreciation as investor fears around severe pandemic-driven loan losses subsided. Please see the Platinum European Fund quarterly report for a more detailed discussion of the rationale behind our European bank investments.

Leading independent Chinese wealth manager **Noah Holdings** rose 84% following investors digesting solid quarterly results, as well as a positive initiation report on this poorly covered stock from a bulge-bracket investment bank. This move is a useful illustration of how a shift in sentiment can drive rapid gains from depressed levels, well beyond the period-on-period changes in the reported financials. The stock remains very attractive in our view at its current valuation of 19x consensus earnings for 2020, with around US$850 million in cash on balance sheet against a market capitalisation of US$2.8 billion. Seemingly a small price to pay for the leader in what can be a truly gigantic market.

Hong Kong-listed Chinese state-owned auto manufacturer **Dongfeng Motor Group** (+88%) provided a similar example of outsized returns arising from a change in sentiment spurred by an unexpected event. The gains were triggered by an announcement that it would pursue an initial public offering (IPO) in the mainland A-share market. Prior to the announcement, Dongfeng was trading on around 4x current depressed earnings, as well as at a sizeable discount to the value of its cash and investments. The stock also paid a dividend yield approaching 7%. It was far too cheap, even for a challenged sector, and we believed it needed very little positive news to cause it to appreciate significantly.

Leading the contributions from our discretionary retail holdings were mid-tier department store **Kohl's** (+120%), women's apparel retailer **Aritzia** (+48%), jewellers **Pandora** (+49%) and **Signet** (+46%), and teen apparel retailer **American Eagle Outfitters** (+36%). Each stock has its own specific investment case, but the common threads this quarter were the vaccine news as well as better-than-feared reported financials, as inventories were managed tightly to support margins, and e-commerce operations offset reduced store traffic.

Rounding out the top contributors to the Fund's quarterly performance were our regional theme park operators **Six Flags** (+68%), **SeaWorld Entertainment** (+60%) and **Cedar Fair** (+40%). While many of their parks had already reopened (at reduced capacity) on the basis of strict social distancing and hygiene policies, the positive vaccine news no doubt led to investor visions of roller-coasters re-filled with screaming tweens.

Alibaba (-21%) and **China Mobile** (-11%) were the primary detractors from performance. Alibaba suffered as a result of an increased threat of regulatory action around its financial business Ant and in relation to alleged abuse of its market power, while China Mobile was hit by US sanctions in relation to its alleged support of the Chinese military that require the divestment of the stock by all US persons. In a classic demonstration of the unintended consequences of regulatory intervention, the latter measures amount to a forced transfer of value from US investors to Chinese investors, given the stock's highly attractive valuation. While its US$58 billion of net cash on balance sheet ensures it will not be hampered by its reduced access to capital markets.

Disposition of Assets

REGION	31 DEC 2020	30 SEP 2020	31 DEC 2019
North America	36%	42%	27%
Europe	33%	24%	22%
Asia	22%	21%	36%
Japan	4%	5%	8%
Cash	5%	8%	7%
Shorts	-4%	-7%	-19%

See note 3, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	31 DEC 2020	30 SEP 2020	31 DEC 2019
Consumer Discretionary	47%	48%	41%
Financials	18%	12%	10%
Communication Services	17%	18%	21%
Consumer Staples	3%	0%	-2%
Industrials	3%	3%	4%
Real Estate	1%	1%	1%
Other	2%	2%	0%
TOTAL NET EXPOSURE	91%	85%	74%

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

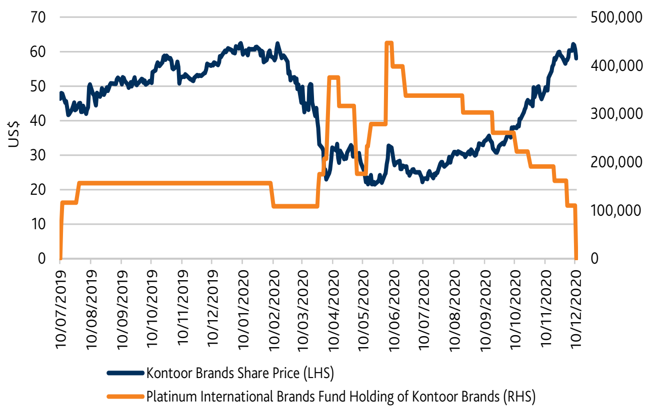
Changes to the Portfolio

During the quarter we exited several positions, including footwear retailer **Foot Locker** (+12% in the quarter to exit) and the manufacturer of Wrangler and Lee denim, **Kontoor Brands** (+81% in the quarter to exit).

Foot Locker failed to meet our expectations, essentially due to our underestimation of the extent of the investment the business required to maintain customer traffic in the face of industry headwinds. Our opportunistic purchases in March and May 2020 mitigated our overall losses from the position.

While our final sale price for Kontoor represented only a moderate 30% gain from our July 2019 entry price, our trading activity took advantage of volatility to deliver significantly greater value to the Fund's investors. Fig. 1 shows the changes in the Fund's holding of Kontoor stock relative to the share price. This is a near-perfect example of how we seek to approach trading in a stock that suffers a sell-off divorced from its long-term fundamentals; adding to the position as the stock falls, and trimming to manage the position size and reallocate capital to other, now more attractive, opportunities as it rallies.

Fig. 1: Kontoor Brands – Stock Holding vs. Share Price



Source: FactSet Research Systems and Platinum Investment Management Limited. Historical performance is not a reliable indicator of future performance.

While we may not necessarily execute this successfully with every position, this is the general pattern we follow when given the opportunity.

This approach also led us to trim sizeable amounts of many of our previous winners during the quarter, including **Canada Goose**, **Vail Resorts** (please see the brief article *"Finding Gems in the Travel Space"* by Nicholas Markiewicz on the following page), **Kohl's**, **Six Flags** and **Dongfeng Motor**, in order to manage our overall net exposure and to reallocate capital to relatively more attractive opportunities.

Outlook

While the news is still filled with talk of COVID-19 case counts and lockdowns, markets are looking forward to the post-pandemic world, buoyed by unprecedented monetary and fiscal stimulus. With valuations of many high-flying stocks in hot sectors well into bubble territory, we take comfort that many of our holdings remain below their pre-pandemic levels, while others have emerged from the pandemic in stronger competitive positions. Despite impressive appreciation from the lows, the overall portfolio remains a compelling value proposition.

Rampant investor demand for new stock issuance is fuelling the creation of supply by investment banks, with the rabbit-like proliferation of special purpose acquisition companies (SPACs) a clear symptom of this exuberance. Ultimately, we believe the music will stop, as it always does, and the high-flyers will come crashing back to Earth (or at least see their valuations descend to cruising altitude). We believe the Fund's primary exposures to reasonably valued digital leaders, coupled with out-of-favour areas of the market should serve us well in such a scenario.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Facebook Inc	US	Comm Services	4.4%
Alphabet Inc	US	Comm Services	4.4%
Tencent Holdings	China	Comm Services	4.3%
Alibaba Group Holding	China	Cons Discretionary	4.1%
TCS Group Holding	Russia	Financials	3.7%
ASOS PLC	UK	Cons Discretionary	3.4%
Sberbank	Russia	Financials	3.3%
Planet Fitness Inc	US	Cons Discretionary	3.0%
Lixil Group	Japan	Industrials	3.0%
Noah Holdings Ltd	China	Financials	3.0%

As at 31 December 2020. See note 5, 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.

Finding Gems in the Travel Space

By Nicholas Markiewicz

As we welcome the start of 2021, the global travel and leisure industry is still in the early stages of a recovery, having endured its worst-ever crisis as a result of COVID-19.

When the frightening health effects and transmissibility of the disease became better understood in early 2020, governments around the world sought to curb its spread through severe restrictions on human movement, achieved via stay-at-home orders and mass border closures. A predictable and intended effect of these measures was a collapse in travel demand. In the space of just three months, at its nadir in April 2020, global airline passenger demand fell an unprecedented 94% year-on-year (see Fig. 1)[1] and hotel revenue per available room fell 80%[2]. To put the former into context, during SARS (severe acute respiratory syndrome), which was the largest previous pandemic shock, global air traffic fell 20%[3] for two months, before bouncing sharply back to pre-pandemic levels.

The travel and leisure industry's generally thin margins, high capital intensity, high fixed costs and negative working capital (on account of bookings being taken months in advance) meant the sector haemorrhaged cash immediately, triggering a full-blown crisis. The concurrent contractions in gross domestic product (GDP) and employment in every major economy, coupled with questions around the timeline of an effective COVID-19 treatment, compounded the pain, and meant the timing and shape of a recovery was far from certain, with past travel shocks providing little precedent.

The stock market's response was severe. Proxies for the listed travel and leisure sector fell 45% from February 2020 levels to March 2020 lows,[4] with some of the more indebted companies (airlines, casinos, cruise lines) falling even harder, and a small number collapsing quickly into bankruptcy. The broad and indiscriminate sell-off, however, also provided a rare opportunity to acquire businesses with unique assets and quality franchises that had a high likelihood of weathering the COVID-19 storm, restoring their pre-COVID earnings base, and ultimately, resuming their longer-dated growth. Across its portfolios, Platinum used the COVID-induced market volatility to start positions, and add to existing holdings like Ryanair, Booking Holdings, Wyndham Hotels, Trip.com, Amadeus and MTU Aero Engines. Platinum also acquired a position in Vail Resorts for the first time in its history.

Vail Resorts is the world's largest ski resort group. It owns and operates 37 mountains and has 18 million annual skier visit days, giving it roughly a quarter of the North American ski market. Vail has a broad portfolio of non-replicable assets, with four of the top five most visited resorts in North America (Vail, Whistler, Breckenridge, Park City) and another 32 smaller, regional resorts spread strategically across the US (Mid-West, North East), Canada and Australia.

Vail's management team is credited with upending the ski industry's economics. Skiing used to be a volatile and low-margin industry, a result of high fixed operating costs, seasonal demand and unpredictable snowfall. Around 10 years ago, Vail shifted its strategy from squeezing a small number of resorts for cash, to acquiring a portfolio of dozens of resorts and making these all collectively accessible through a single, cut-price season pass – an industry first. In exchange for an early commitment (season passes are sold in the off-season), consumers suddenly had unparalleled choice and value, which increased through the years as Vail added more resorts, including Australia (Perisher, Hotham, Falls Creek), as well as partnerships in Japan and Europe. Once borders open, for only ~US$900 and with mild restrictions, Australians now have practically unlimited skiing across four continents each year.

The power of the season pass product was that it concurrently benefited consumers, the company and shareholders. As the value and choice of Vail's season pass increased (via acquisitions and new products), the company sold more season pass products, which helped lock in revenues ahead of the snowfall, and allowed Vail to take market share from competitors with inferior offerings. This process was accelerated by significant increases in last minute window prices for lift tickets, which then increased the value of the season pass. Vail has now grown to become the largest and most profitable ski resort group in the world, generating comparable margins and returns to those of European luxury goods companies.[5]

1 International Civil Aviation Organisation (ICAO), International Air Transport Association (IATA), Official Airline Guide (OAG) https://unitingaviation.com/news/economic-development/the-air-transport-monthly-monitor-for-june-2020/

2 InterContinental Hotels Group (IHG)

3 IATA, Cowen

4 STOXX® Global 3000 Travel & Leisure Index. Source: FactSet Research Systems.

5 Source: Company data, FactSet Research Systems.

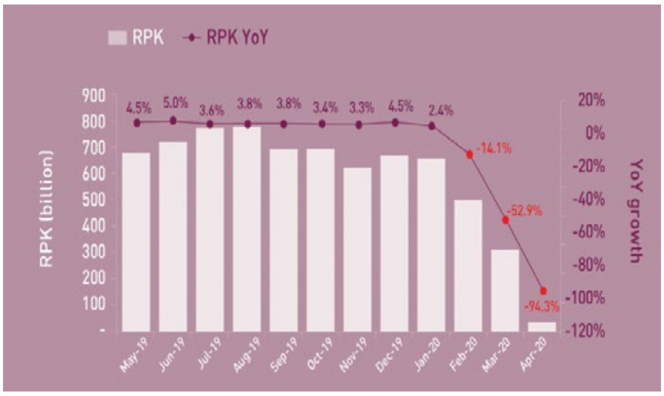
Vail's strategy has been so successful, that the remaining large resort groups in North America have had to form a collective to offer their own multi-mountain season pass, called the Ikon pass. This has transformed the North American ski market into a duopoly in three short years. The re-invigorated competition has proved to be a mixed bag for Vail. One positive is that since its launch, the Ikon pass has increased in price each year, with the cost of its season pass now exceeding Vail's, highlighting the rationality of competition. However, Vail's pool of acquisition targets is diminished by the many resorts that have joined Ikon. Longer term, we think Vail is likely to remain competitively advantaged vs. Ikon reflecting its wholly owned resort model (vs. Ikon's affiliation model), which allows it to be fast and innovative in launching products, as well as more flexible in how it allocates marketing dollars, manages customer experience, and invests in capital equipment and technology across its network. This should translate into further market share gains.

The long-term outlook for skiing is the brightest it has been in years. Better value season pass products and accommodation (e.g. Airbnb) are lowering the cost of skiing, making the sport more accessible to the young families needed to replace ageing baby boomers. Chinese skiers could also fuel another leg of growth if interest picks up following the 2022 Winter Olympics in Beijing. Having spent years in the doldrums, skiing could be on the cusp of another golden era.

Looking immediately ahead, as the first vaccines begin to be shipped more widely through 2021 and the prospect of normality returns, there are reasons to be optimistic in regards to the travel industry's prospects of recovery. InterContinental Hotel Group, for example, has reported a recovery in revenue per available room across all its regions (see Fig. 2), with Greater China now trending back to pre-COVID levels. This is consistent with the industry's long-term ability to grow through prior wars, pandemics and recessions (see Fig. 3).

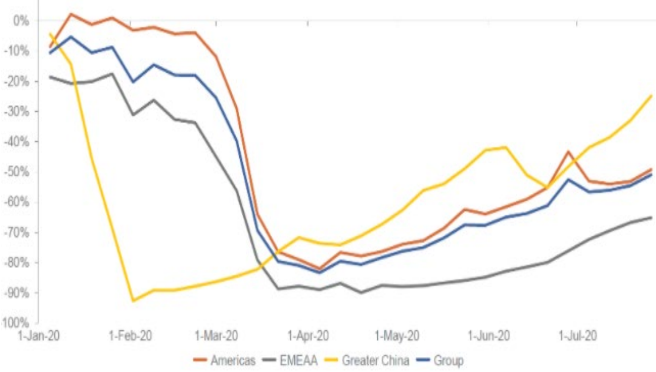
In the years to come, as we reflect on COVID-19, it may also be viewed as a blessing in disguise for surviving players. Significant capacity has likely exited the industry through bankruptcies, cancelled ship/aircraft orders and delayed hotel construction. This could see pricing power return, helping margins and returns.

Fig. 1: Revenue Passenger-Kilometres (RPK)



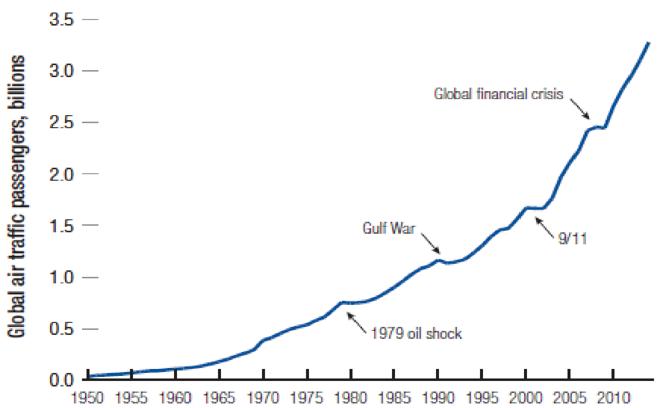
Source: ICAO, IATA, OAG

Fig. 2: InterContinental Hotel Group 2020 Weekly Revenue Per Available Room (RevPAR) By Region



Source: InterContinental Hotel Group (IHG)

Fig. 3: Global Air Passenger Traffic Trend, 1950-2014 (IATA Forecast for 2014)



Source: IATA

Platinum International Health Care Fund

Bianca Ogden
Portfolio Manager

Performance

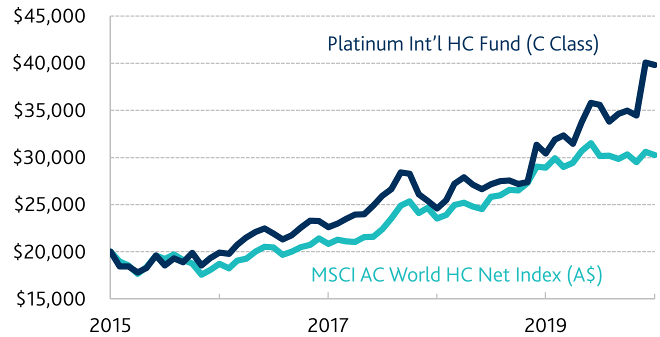
(compound p.a.+, to 31 December 2020)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l HC Fund*	14%	31%	21%	15%	11%
MSCI AC World HC Index^	0%	5%	13%	9%	9%

+ 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

31 December 2015 to 31 December 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 13.9% for the quarter and 30.8% for the year.[1]

In years to come, documentaries will remind us of the 2020 pandemic. It will be remembered as a year when economies came to a halt, working from home became normal and acronyms like PCR and mRNA made it into the popular press. In less than a year, BioNTech/Pfizer and Moderna have accomplished what most thought was impossible - developing a vaccine from scratch. As the CEO of Novartis, Vas Narasimhan said, "we are witnessing an RNA revolution". We believe vaccines are just the start of this revolution, with more to come.

This achievement has unsurprisingly sparked broad interest in genomics biotech companies, while interest in the slower growing pharmaceutical and mature biotech companies has waned. Today, the valuation gap between the S&P 500 Index and these 'old guard' drug developers is at historical levels. This is not due to these companies sitting idle. To the contrary, many are retooling. **Bayer**, for instance, acquired gene therapy biotech **Asklepios BioPharmaceutical** (AskBio) during the quarter and is building out its cell and gene therapy division, while at the same time increasing its exposure to the synthetic biology field (via Leaps by Bayer[2]).

Many holdings contributed to the Fund's performance this quarter. While the COVID-19 vaccine makers **CureVac** (+74% over the quarter), **Moderna** (+48%) and **BioNTech** (+18%) performed well, many other investments also made great progress, which is particularly exciting. Since the launch of the Fund in 2003, we have been stern believers in personalised medicine and the impact that genomic advances will have on drug development, diagnostics and healthcare. We have witnessed a rapidly expanding playbook in molecular biology deciphering the inner workings of cells.

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.

2 Leaps by Bayer aims to conquer the top 10 challenges faced by humanity. Since 2015, Leaps by Bayer has invested over $US800 million in ventures that tackle fundamental breakthrough and shift core paradigms in the health and agriculture industries. For further details visit: https://leaps.bayer.com/approach#10leaps

Given the cash inflow for many diagnostic companies due to testing of the SARS-CoV-2 virus, we expect consolidation in the tool space. **Horizon Discovery** (+94%), a company we have been invested in for some time, has been industrialising so-called CRISPR screens, which use gene editing technologies to understand signalling pathways and produce customised cell lines. During the quarter, **PerkinElmer** (+14%), another holding in the Fund and a company that had a windfall from SARS-CoV-2 testing, acquired Horizon Discovery to expand its product offering.

Pacific Biosciences of California (+163%), a company we highlighted in our September 2020 quarterly report,[3] continued its stellar performance, buoyed by the signing up of new customers and the market's increasing realisation of the potential of long-read genetic sequencing, particularly for personalised medicines and treatment of rare diseases. Similarly, **NanoString Technologies** (+50%) continued to broaden its product offering to allow scientists to spatially analyse the genomic and molecular structure of a cell. Again, it is all about gaining a much more comprehensive understanding of what is happening inside a cell.

On the therapeutic front, **Five Prime Therapeutics** (+262%) announced that bemarituzumab (a potential first-in-class therapeutic antibody) in combination with chemotherapy helped patients with gastric and gastroesophageal junction cancer to live longer. Two of our biotech holdings received US approval for their first-ever product. US biotech **BioCryst** (+117%) received approval of ORLADEYO™, an oral treatment for hereditary angioedema (whereby an allergic reaction triggers a swelling of the area beneath the skin). US biotech **Myovant Sciences** (+97%) obtained marketing authorisation for Orgovyx, an oral treatment for advanced prostate cancer. Myovant also entered an alliance with Pfizer during the quarter to accelerate commercialisation of Orgovyx. A very fitting partnership given Pfizer's prostate cancer drug Xtandi and the fact that Myovant's previous CEO Lynn Seely was behind the development of Xtandi at Medivation (Medivation was acquired by Pfizer in 2016).[4]

Gene editing has seen a flurry of data this quarter. **Intellia Therapeutics** (+175%) started its first clinical trial, directly administering the gene editing system 'NTLA-2001' for hereditary transthyretin amyloidosis (hTTR), a disease where the protein transthyretin (TTR) misfolds and forms deposits that affect the nerves, heart, kidneys and eyes. NTLA-2001 comprises two parts: the guide ribonucleic acid (RNA) that is specific for the diseased gene and a messenger RNA (mNRA)

3 https://www.platinum.com.au/PlatinumSite/media/Reports/pihfqtr_0920.pdf

4 Myovant announced the appointment of David Marek as the new CEO on 4 January 2021.

Disposition of Assets

REGION	31 DEC 2020	30 SEP 2020	31 DEC 2019
North America	35%	35%	36%
Europe	23%	29%	28%
Australia	12%	13%	13%
Asia	10%	8%	5%
Japan	6%	6%	7%
Cash	13%	10%	11%
Shorts	-3%	-7%	-2%

See note 3, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	31 DEC 2020	30 SEP 2020	31 DEC 2019
Biotechnology	49%	49%	48%
Pharmaceuticals	26%	26%	30%
Life Sciences Tools & Services	7%	9%	9%
Health Care Providers & Serv	1%	1%	1%
Health Care Technology	0%	-1%	0%
Health Care Equip & Supplies	1%	-1%	1%
Industrials	1%	1%	0%
Other	0%	-1%	0%
TOTAL NET EXPOSURE	84%	83%	88%

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

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Takeda Pharma Co	Japan	Pharmaceuticals	3.8%
SpeeDx Pty Ltd	Australia	Biotechnology	3.6%
Sanofi SA	France	Pharmaceuticals	3.3%
Bayer AG	Germany	Pharmaceuticals	2.9%
Telix Pharmaceutical	Australia	Biotechnology	2.8%
Kazia Therapeutics	Australia	Biotechnology	2.1%
Zai Lab Ltd ADR	China	Biotechnology	2.0%
Almirall SA	Spain	Pharmaceuticals	1.9%
Quanterix Corp	US	Life Sciences Tools	1.8%
CStone Pharma	China	Biotechnology	1.8%

As at 31 December 2020. See note 5, 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/pihcf.

that encodes for the Cas9 enzyme (a protein that plays a vital role in the immunological defence of certain bacteria against DNA viruses and plasmids). The guide RNA and mRNA are both delivered inside lipid nanoparticles, similar to how the SARS-CoV-2 vaccines are delivered. The aim of NTLA-2001 is to knock out the target gene. This is a milestone for gene editing as well as mRNA. Intellia also showed that in non-human primates its gene editing system is able to insert the SERPINA1 gene into liver cells and hence allow for the production of human alpha-1 antitrypsin (AAT). Mutations in SERPINA1 can cause AAT deficiency, which can cause serious lung or heart disease.

Our pharmaceutical holdings detracted from performance, while we also had setbacks at **Assembly Biosciences** (-63%), **Galapagos** (-34%) and **Ovid Therapeutics** (-60%).

During the quarter, we trimmed our mRNA vaccine holdings following strong share price performance, initiated positions in a number of new biotech holdings and added to biotechs that have struggled to launch new therapeutics during the COVID-19 pandemic.

Commentary

The fast development of an mRNA vaccine has drawn people into the world of biotech and genomics. ‘Plug and play’ is used to describe this exciting therapeutic platform, but don’t be fooled, drug development is not like developing an app. Biology is one of the most sophisticated systems there is and cracking the ‘code’ only represents one layer of this system, there are many more. It is indeed exciting to see computational biology making great strides and machine learning being applied to predicting the structure of proteins. However, proteins are not static, they continually turn and change shape. To make a drug against a target, scientists must determine which conformation is worthwhile attacking. The SARS-CoV-2 spike protein, for example, has two distinct conformations, an ‘up’ mode and a ‘down’ mode, whereby ‘up’ allows it to attach to its target receptor, while in ‘down’ mode, no interaction with the target receptor can happen. This is important information when developing a drug or vaccine, as targeting the ‘up’ conformation or preventing the ‘down’ mode from flipping into an ‘up’ mode will be effective.

The good news is, there are companies that focus on protein dynamics and technology will help us get ahead. Understanding the interactions within a cell as well as the chatter between cells is absolutely crucial, hence advances in the tools and computational biology sector are vitally important.

We are seeing the industrialisation of the drug discovery process, robotic wet labs being put together, automation on the rise, and an increase in data science. The line between biotech and tech is becoming increasingly blurred. Investor presentations today contain ‘techie’ language like code and foundry, with RNA the software and CRISPR a new hardware. At times, software as a service (SaaS) makes an appearance as well. Genetic, cell and protein engineering have come a long way to make all the innovation possible and generate ever-more sophisticated drugs. These days, antibody drug conjugates are being made that carry a mask. The mask will only come off when a certain enzyme is present in the cell microenvironment, hence extending the therapeutic window.

Induced pluripotent stem cells (iPSCs) are progressing through clinical trials. For example, recently modified natural killer cells that are derived from iPSCs have shown promising results in haematological cancer. While biotechs tout about their progress, pharma companies are quietly retooling. As mentioned above, Bayer is putting together a very interesting cell and gene therapy division, having acquired BlueRock Therapeutics (iPSCs neurology, cardiology, immunology) in 2019 and AskBio in 2020. These therapy approaches focus largely on manufacturing and remind us of the plasma business in the early days, however, the opportunities are much vaster.

We monitor all the above, digest and decipher to make sure, as investors, we are part of the journey for years to come.

Outlook

The COVID-19 vaccination phase has now started, so over the coming months we should see new drug launches that had been impacted by the pandemic improve gradually. On other fronts, Alzheimer’s disease will likely be in focus, as Biogen continues its rollercoaster ride to get its aducanumab drug approved by the US Food and Drug Administration (FDA). During the December quarter, there were several acquisitions in the liquid biopsy space with companies positioning for the future. While cell and gene therapies, given their high cost, will have to prove that they are indeed curative. We will likely see more demand for biomarkers to make sense of the myriad of oncology drugs that are in development. Biomarkers will also gain importance in targeted neurology and we will likely continue to see manufacturing evolve from a volume business to a more customised approach, with smaller volumes but many different products. There is no doubt that the next decade will be an exciting period in biotech.

Platinum International Technology Fund

Alex Barbi
Portfolio Manager

Cameron Robertson
Portfolio Manager

Performance

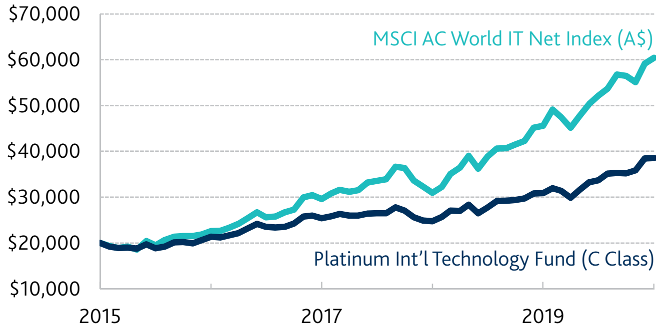
(compound p.a.+, to 31 December 2020)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Tech Fund*	9%	25%	15%	14%	10%
MSCI AC World IT Index^	7%	33%	27%	25%	4%

+ 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

31 December 2015 to 31 December 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 9.5% for the quarter and 24.9% for the year.[1]

With interest rates remaining firmly near zero, economic activity recovering and a vaccine within reach, the market rally continued during the quarter, with tech stocks remaining in favour.

Strength was fairly broad based across the portfolio. Our semiconductor memory holdings, **Samsung Electronics** (+39% for the quarter), **SK Hynix** (+41%) and **Micron Technology** (+60%), all reached new record highs during the quarter. This was driven by enthusiasm for cyclical improvements in end markets, like smartphones, as well as industry-specific developments, such as a power outage at a major fabrication plant, which reduced industry supply, as well as news that a leading Chinese competitor had defaulted on their debt during the quarter, which was taken as a sign that the competitive environment should remain favourable.

A number of holdings which are perceived to be secular winners still early in their life cycle, such as **Appian** (+150%), **Roku** (+76%) and **Twilio** (+37%), have continued to see their share prices race up. They all reported relatively strong results and the market seems increasingly comfortable extrapolating their continued success.

A broader-based economic recovery has also shown signs of taking hold. This, coupled with continued secular shifts towards electrification, renewables and digitisation across industrial and automotive sectors, resulted in a good showing for our analog and mixed-signal semiconductor investments. These include **Microchip Technology** (+34%), **Analog Devices** (+27%), **Infineon** (+30%) and **Rohm** (+23%). The market's enthusiasm for electric vehicle plays was also evident in battery maker **Samsung SDI's** shares (+45%).

Two of our holdings received take-over offers during the quarter. **Xilinx** (+36%) received a bid from AMD, as the latter continues to bolster their chip portfolio to help them compete in the data centre space. Also, data provider **IHS Markit** (+14%) received a bid from S&P Global.

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.

While the portfolio largely performed well, there were a small number of detractors during the quarter. **China Mobile** (-11%) and **China Communication Services** (-25%) both declined, as the trade war continues to take casualties and telecommunications remains firmly out of favour. **Lumen** (-3%) also continues to languish, as the market is showing a strong preference for businesses which can deliver fast growth. **Alibaba** (-21%) declined as regulatory scrutiny intensified and the initial public offering (IPO) of their electronic payment subsidiary 'AliPay' was cancelled.

Our short positions also detracted from performance, as the bull market rages on.

The Australian dollar continued to strengthen relative to the US dollar during the quarter, which tempered our reported returns.

Changes to the Portfolio

We have reduced our holdings in **Appian**, **Roku** and **Carvana**, which have all seen their share prices materially increase. While we continue to believe these companies are well placed, their share prices are increasingly reflecting this rosy future.

During the quarter, we also participated in a couple of IPOs, including software platform developers **Nuix** and **Plaid**, although we have since exited these positions as the share prices rose dramatically upon listing.

We also exited our position in **Focus Media**. This was an investment made earlier in the year, as investors were myopically focused on the short-term impacts that COVID-19 would have on their digital advertising business, as well as worrying about lingering competitive concerns. Over the past few months their business has recovered and the competitive environment is looking more benign, leading the shares to appreciate materially and providing us with a healthy exit price.

During the quarter, we established a handful of small new positions. These included companies exposed to: the growing demand for networking and data centre interconnection; cyber security; health data and analytics; and a firm looking to exploit changes that 5G will bring to the cellular market.

We also added to our position in **Boingo** during the quarter. Boingo controls wireless connectivity rights for a range of highly trafficked areas, like airports, stadiums and dormitories. We believe the company is well placed to benefit from the continued growth in wireless connectivity and throughput.

Commentary

The television industry is going through a period of significant change. Services like Netflix have been educating consumers that they should be able to watch what they want, when they want it. The old model of scheduled viewing times on linear TV has been losing the attention of audiences and COVID-19 only served to exacerbate this trend, as sporting events – a major drawcard for linear TV – were paused for a period.

Paid services like Netflix are great, but linear TV also provided an enormous amount of free, ad-supported content. While audiences are abandoning linear TV, advertisers have continued to pour money into it. There's a growing need for broader adoption of a new model for free, ad-supported, on-demand viewing. This is where Roku comes in.

Roku provides the hardware to bring internet connectivity to old TVs, as well as a leading operating system for smart-TVs, its own ad-supported on-demand streaming service, and sophisticated advertising technology. Today, one-in-three televisions purchased in the US come with Roku's operating system pre-installed, and Roku's international presence is growing as well. Consumers love Roku's offering, as buying a TV with their operating system typically means getting a cheaper and higher-quality TV than they could have otherwise purchased. Roku's streaming service is seeing increasing adoption, which is no surprise – what's not to like about high-quality free content with significantly less ads than linear TV? Additionally, Roku's role as the television's operating system puts them in a unique position to understand viewers, in the personalised world of connected television content.

When we first invested in Roku a couple of years ago, the market remained somewhat sceptical about the outlook for its business. There were plenty of short-sellers and a high short-interest, oft-repeated concerns about competition from larger companies, and questions about how much money Roku would ever be able to earn. Since then, sentiment has flipped. Short-sellers have largely disappeared, and the stock is up seven-fold. It's been a profitable and remarkably rapid journey. While we have reduced our exposure in recent months, we retain a position in the business, as well-run, founder-led companies, with long growth runways have a tendency to positively surprise.

Dramatic industry transitions, such as the shift of scripted TV from linear to on-demand viewing, often present multiple opportunities for investors. It is a space we continue to watch closely, and do have other investments, which we believe could also end up benefiting from these trends.

Disposition of Assets

REGION	31 DEC 2020	30 SEP 2020	31 DEC 2019
North America	48%	48%	51%
Asia	20%	20%	22%
Europe	8%	9%	9%
Japan	2%	1%	2%
Cash	22%	22%	16%
Shorts	-3%	-4%	-2%

See note 3, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	31 DEC 2020	30 SEP 2020	31 DEC 2019
Information Technology	49%	44%	47%
Communication Services	20%	22%	25%
Industrials	3%	4%	6%
Consumer Discretionary	3%	5%	5%
TOTAL NET EXPOSURE	75%	74%	82%

See note 4, 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	5.4%
Samsung Electronics	Korea	Info Technology	4.6%
Taiwan Semiconductor	Taiwan	Info Technology	3.9%
Tencent Holdings	China	Comm Services	3.6%
Facebook Inc	US	Comm Services	3.6%
Samsung SDI	Korea	Info Technology	3.1%
Constellation Software	Canada	Info Technology	2.9%
Microchip Technology	US	Info Technology	2.9%
Medallia	US	Info Technology	2.8%
PayPal Holdings	US	Info Technology	2.3%

As at 31 December 2020. See note 5, 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.

Outlook

Equity markets remain attractively valued relative to bonds on some measures, however, there are increasing signs of speculative excess appearing in pockets of the market. In recent months we have seen companies, which have barely generated any revenues, being valued by the market in the tens-of-billions of dollars, and have seen huge spikes in the trading volumes in certain companies' securities. There have been an increasing number of new tech companies coming to market, taking advantage of the valuations and terms on offer. While many of these newly listed firms appear to be quite well-run businesses with attractive offerings, there certainly seems to be the odd bad egg slipping through. Investors have been scrambling over one another to get their hands on new issues, with many IPOs massively oversubscribed, and it's not uncommon to see shares rising more than 50% on the first day of trading. Bearing in mind the old adage to "be fearful when others are greedy, and greedy when they are fearful", these datapoints collectively suggest a bias towards caution may be warranted.

That said, other pockets of the market still appear relatively attractive, and we are also presented with a large number of interesting new businesses to better acquaint ourselves with. The net exposure of the Fund has increased slightly as we have continued to find some new prospective opportunities to put capital to work. As always, the dynamic nature of the technology sector should continue to offer up attractive opportunities for enterprising investors to make money on, and we remain firmly focused on ferreting out these opportunities.

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.

Earnings before interest and tax (EBIT)

A measure of a company's profitability, EBIT is all profits before deducting interest payments and income tax expenses. It is calculated as revenue minus cost of goods sold and operating expenses.

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 interest from cash deposits, dividends from a shareholding, or rent from property), 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

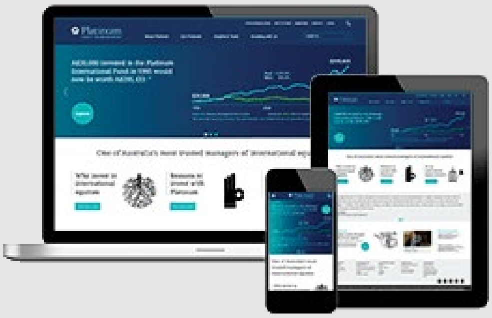
A yield curve plots the interest rates (or yields) of comparable debt instruments with different maturities. Starting on the left with the yields of shorter-term instruments, the curve typically slopes upwards to the right, reflecting investors' desire to be compensated for the uncertainty associated 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.

Some Light Relief

"I know it's all swings and roundabouts. But, looking at these figures, I think they've closed the park."

The Journal

You can find a range of thought-provoking articles and videos on our website. For ad hoc commentary on the latest market trends and investment themes, look up **The Journal** under **Insights & Tools**.



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 highlights include:

- **Article - COVID Shakes up the UK Grocery Landscape.**[1] Over the last 10 years, the 'big four' supermarkets in the UK have faced many challenges as discounters Aldi and Lidl grew their market share. However, COVID has given them a chance to fight back. Investment analyst, James Foreman explains how.
- **Article - Market Update: December 2020.**[2] News of a successful vaccine has triggered a strong rotation into the more cyclical areas of the market over the past month. This raises the question of how best to be invested now. In this market update, portfolio manager, Clay Smolinski provides his thoughts and current portfolio positioning.
- **Video - Tapping into Pockets of Neglect in Europe.**[3] Does the surge in coronavirus infections in Europe warrant a more defensive strategy? Not necessarily. Portfolio manager, Nik Dvornak sheds light on why taking a three-year plus view on Europe can present patient investors with opportunities, including many high-innovation companies in global healthcare and aerospace, not to mention travel, luxury and retail.
- **Article - Legacy Automakers Rising to the Emissions Challenge.**[4] Strict new European emissions standards have raised many existential questions for the auto industry and increased earnings uncertainty. To the surprise of many, legacy automakers have risen to the challenge, with most hitting the targets at a better-than-expected rate of profitability. Investment analyst, Nicholas Markiewicz shares his insights.
- **Article - mRNA Technology Delivers Vaccine Breakthrough.**[5] In times of crisis it is often the case that innovation strives. This time, the biotech and pharma industry has stepped up, and Dr Bianca Ogden explains why it very much looks like it will deliver the goods.
- **Video - Investing for the Long Haul.**[6] Long-term structural growth, favourable industry dynamics and a lucrative income stream on after-market servicing are just a few reasons why investment analysts, Kirit Hira and Jodie Bannan are attracted to the high-tech aero engine sector.
- **Video - Fast-Growing & Innovative Companies Aplenty in Japan.**[7] There's lots of innovation in Japan, whether it be AI, IoT or batteries – and with stock valuations much less than the global titans, there are plenty of investment opportunities for portfolio manager, Scott Gilchrist to choose from.

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1 https://www.platinum.com.au/Insights-Tools/The-Journal/COVID-Shakes-up-the-UK-Grocery-Landscape
2 https://www.platinum.com.au/Insights-Tools/The-Journal/Market-Update-2-December-2020
3 https://www.platinum.com.au/Insights-Tools/The-Journal/Tapping-into-Pockets-of-Neglect-in-Europe
4 https://www.platinum.com.au/Insights-Tools/The-Journal/Automakers-Rising-to-the-Emissions-Challenge
5 https://www.platinum.com.au/Insights-Tools/The-Journal/mRNA-Technology-Delivers-Vaccine-Breakthrough
6 https://www.platinum.com.au/Insights-Tools/The-Journal/Video-Investing-for-the-Long-Haul
7 https://www.platinum.com.au/Insights-Tools/The-Journal/Fast-Growing-Innovative-Companies-in-Japan

Some More Light Relief

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 top ten positions as a percentage of its portfolio market value taking into account its long securities positions and long securities derivative positions.

About us

Investor services numbers

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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$24 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.

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