



# Platinum International Fund

ARSN 089 528 307

30 September 2019

## Facts

Portfolio value	\$10.21 bn
Fund commenced	30 April 1995
Minimum investment	A\$10,000 or NZ\$10,000
Regular Investment Plan (min.)	A/NZ\$5000 plus A/NZ\$200 mth/qtr
Income distribution date	Annual, 30 June
Unit valuation	Sydney Business Day
Unit prices C Class	App - 1.9914 Red - 1.9834
Unit prices P Class	App - 0.9517 Red - 0.9479

## Performance <sup>1</sup>

	C Class %	P Class %	MSCI %
1 month	2.60	2.61	2.00
3 months	3.23	3.28	4.02
6 months	4.85	4.97	9.10
Calendar year to date	13.55	13.76	21.29
1 year	4.51	4.76	8.76
2 years (compound pa)	5.46	5.51	13.79
3 years (compound pa)	10.75		14.43
5 years (compound pa)	9.41		12.35
7 years (compound pa)	14.12		15.78
10 years (compound pa)	8.74		11.30
Since inception (compound pa)*	12.28	7.30	7.12

## Invested positions <sup>3</sup>

	Long %	Short %	Net %	Currency %
<b>Asia-Pacific</b>	<b>45.5</b>	<b>(1.1)</b>	<b>44.4</b>	<b>32.0</b>
Australia	0.1	(0.8)	(0.7)	0.2
China	6.2		6.2	6.3
China Ex PRC	15.6		15.6	
Hong Kong	0.8		0.8	13.0
India	4.6		4.6	4.6
Japan	11.0		11.0	16.8
Korea	6.6	(0.3)	6.3	6.3
Thailand	0.5		0.5	0.5
China Renminbi Off Shore				(15.7)
<b>Europe</b>	<b>16.9</b>	<b>(0.6)</b>	<b>16.2</b>	<b>17.3</b>
Austria	1.3		1.3	
Denmark	0.5		0.5	0.5
France	3.2		3.2	
Germany	1.6		1.6	
Ireland	1.1		1.1	
Italy	1.5		1.5	
Norway	0.9		0.9	1.9
Switzerland	4.2		4.2	1.7
United Kingdom	2.5	(0.6)	1.8	3.7
Euro				9.5
<b>North America</b>	<b>26.2</b>	<b>(14.6)</b>	<b>11.5</b>	<b>50.1</b>
Canada	3.8		3.8	3.2
United States	22.4	(14.6)	7.7	46.9
<b>Other</b>	<b>0.7</b>		<b>0.7</b>	<b>0.6</b>
Brazil	0.7		0.7	0.6
<b>Sub-Total</b>	<b>89.2</b>	<b>(16.4)</b>	<b>72.8</b>	<b>100.0</b>
<b>Cash</b>	<b>10.8</b>		<b>27.2</b>	
<b>Total</b>	<b>100.0</b>		<b>100.0</b>	<b>100.0</b>

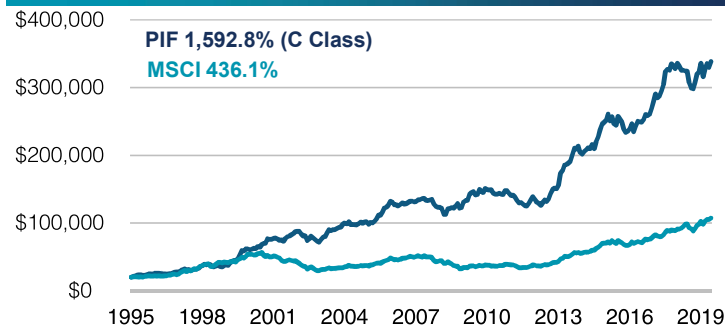
Long - 94 stocks, 3 swaps Short - 21 swaps, 1 index

## Fees

Entry fee	Nil
Buy/sell spread	0.20%/0.20%
Fee:	C Class
	P Class
	Investment Management 1.35% p.a.
	Investment Performance N/A
	Investment Management 1.10% p.a.
	Investment Performance 15.00% p.a.*

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

## Performance graph <sup>2</sup>



## Top ten positions <sup>4</sup>

Stock	Country	Industry	%
Samsung Electronics Co Ltd	Korea	Info Technology	3.9
Ping An Insurance	China	Financials	3.9
Alphabet Inc	United States	Comm Services	3.2
Facebook Inc	United States	Comm Services	3.0
Glencore PLC	Switzerland	Materials	2.6
Intel Corp	United States	Info Technology	2.6
ZTO Express Inc	China	Industrials	2.4
Technip FMC Ltd	UK	Energy	2.4
Bharti Airtel Ltd	India	Comm Services	2.2
Sanofi SA	France	Health Care	2.1
<b>Total</b>			<b>28.3</b>

## Industry breakdown <sup>3</sup>

Sector	Long %	Short %	Net %
Financials	14.9		14.9
Communication Services	13.0	(0.1)	12.9
Industrials	11.8	(0.2)	11.6
Info Technology	14.5	(3.5)	11.0
Materials	10.3		10.3
Consumer Discretionary	9.4	(3.6)	5.7
Energy	5.2		5.2
Health Care	5.1	(1.6)	3.5
Real Estate	2.1		2.1
Utilities	0.2		0.2
Consumer Staples	2.7	(3.1)	(0.4)
Other		(4.2)	(4.2)

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1. & 2. Source: Platinum for Fund returns and Factset Research Systems for MSCI returns. Investment returns are calculated using the Fund's NAV unit price (i.e. exclude a buy/sell spread) for C Class and P Class (as indicated), and represent the combined income and capital returns for each of these unit classes in the specified period. All returns are pre-tax, net of fees and costs and assume the reinvestment of distributions. Returns for P Class are net of any accrued investment performance fee. The returns are calculated relative to the MSCI All Country World Net Index in A\$ (the gross MSCI Index was used prior to 31/12/98). Since inception date for C Class is 30/04/95 and for P Class is 03/07/17. Since inception date of C Class has been used for the purposes of calculating since inception returns of the index. The investment returns depicted in the graph are cumulative on A\$20,000 invested in C Class units in the Fund since the C Class inception date. Past performance is not a reliable indicator of future returns. Platinum does not invest by reference to the weightings of the index. The index is provided as a reference only.

3. The "Long %" is the exposure to long securities and long securities/index derivative positions, the "Short %" is the exposure to short securities and short securities/index derivative positions and the "Net %" is the exposure to long and short securities and long and short securities/index derivative positions, each as a percentage of the market value of the Fund's portfolio. The "Currency %" is the effective currency exposure as a percentage of the market value of the Fund's portfolio taking into account long and short securities, cash, forwards and long and short securities/index derivative positions. For the "Industry breakdown", index positions (whether through ETFs or derivatives) are only included under the relevant sector if they are sector specific, otherwise they are included under "Other".

3. and 4. China generally refers to securities or derivatives over securities, which securities are listed on the Shanghai or Shenzhen stock exchange. China Ex PRC generally refers to securities or derivatives over securities, which securities are listed outside of the PRC but provide exposure to PRC companies.

4. The "Top ten positions" show the Fund's top ten long securities positions as a percentage of the market value of the Fund's portfolio (including long securities and long securities derivative positions).

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- The Fund had a strong September, taking the YTD returns to 14%.
- Extreme divergence between “expensive” and “cheap” implies parallels with 1999 and early 1970s.
- Net exposure (long less short positions) in the Fund towards lower end of post-GFC range.
- Longer term relative underperformance a result of challenging period since April 2018.
- Asian region has been biggest contributor to portfolio returns over last five years.

### Update

Market behaviour in the early part of September, may have, to a large extent, reflected the extreme positioning in markets. The brief reversal of previous embedded trends was perhaps an unwinding of some bets, and gave us a sneak preview of what could happen if any of a number of circumstances, other than the status quo, are to evolve from here.

While some US and European economic data appears at first unsupportive of continued market strength, we would point to any of:

1) a resolution of the trade situation, 2) any recognition that China is growing, 3) any telegraphing of increased fiscal spending (and simultaneous recognition that the unconventional monetary experiment has stopped working) or 4) any expectation of higher interest rates (which would likely be linked to the others), could be at once detrimental to the crowd, and beneficial to many of our positions, which have been shunned for fear of the opposite. It must be kept in mind with the US election looming, that the key protagonist, who loves to do deals, often Tweets to remind us that his self-esteem is inextricably linked to the level of the stock market.

Closer to home it is ironic, as the world contemplates fiscal spending over QE, that Australia may be going the opposite way. This does not bode well for our currency unit, and we continue to keep our cash in US Dollars and Japanese Yen. We remain short the Chinese currency as a risk mitigator against any escalation of trade conflict causing increased confusion for Chinese corporate decision makers and slowing the world's largest physical economy.

As we keep highlighting, the market is increasingly bifurcated. Investors are paying up for “perceived safety” or “secular growth” while shunning any economic sensitivity. This crowding resembles the 1999/2000 “Tech bubble” or the 1970s “Nifty Fifty”. When there is a mania in one arena, this often leads to great companies being overlooked elsewhere. For those who “avoid the crowd”, this can be very uncomfortable while it unfolds but with the extreme positioning that we see today, it could be indicative of a very prospective investment landscape if one is willing to take an opposing view to the masses.

The widely held idea that ultra-low interest rates can be used to justify the valuations of growth stocks and defensive stocks, misses an important point. This would also justify investing in cyclicals, or stocks with uncertainty. The maths behind it is simple – a lower discount rate increases all asset values. However the fact that many cyclical stocks are on crisis-type valuations, suggest that psychology is a bigger driver of intra-market outcomes than financial alchemy.

When we look at the portfolio, valuation metrics are enticing in both an absolute and relative sense, and this gives us plenty of encouragement.

Metric	Platinum International Fund	MSCI AC World Net Index (A\$)
NTM (Next 12 Months) Earnings Yield	9% (Price to Earnings ratio of 11x)	7% (Price to Earnings ratio of 15x)
NTM Dividend Yield	3.1%	3.0%
Price-to-Book-Ratio	1.4	2.2
Enterprise Value-to-Sales	1.1	1.5

Valuation refers to the long portion of the Fund's portfolio, excluding negative net earnings, and using FactSet consensus earnings.

### Performance

So far in calendar year 2019, the Fund has returned a strong 14%. In the last 20 years, only three years (2009, 2013 and 2017) have seen higher YTD returns at September end. Looking more closely at the returns, the average long position is up 18% (broadly in line with the markets' 21%), and with average exposure of 85%, contributed 16% to returns. The long contributions are broken down to key regions and sectors in the below table.

Region/Country	Average weight %	Contribution %	Sector	Average weight %	Contribution %
China	22	5	Tech/Communications	25	5
US	20	4	Financial/Real Estate	18	4
Europe	18	2	Industrials	11	3
Japan	9	2	Consumer/Health	15	3
Rest of Asia	13	2	Energy/Materials	15	0

Source: Platinum Investment Management Limited.

The top stocks included Ping An Insurance, Facebook, Samsung Anta Sports and ZTO Express. Lixil had a major positive impact, after we agitated for management change, in light of poor corporate governance. Shorts cost 2% with average exposure of 16% YTD; technology shorts struggled in Q1 particularly.

In looking at index returns for the MSCI AC World Net Index (A\$), there has been a meaningful advantage in 2019 to being listed in the US, with all sectors except Healthcare, seeing this locational advantage which is most pronounced in Financials/Real Estate.

### Long-term outcomes

In the recent months, this commentary has highlighted the impact of the extended US-led bull market on our relative returns, and noted that it has been the last 18 months that has been the main cause of apparent longer-term underperformance.

A common misperception given the strength of the US market is that the Fund's exposure to Asia has been detrimental to returns. This is far from the case. Indeed, over the last few years, it is worth stressing that Asia has been the biggest contributor to the portfolio's returns.

As the table above showed, around half of 2019 YTD returns come from investments in the region, led by China and India. Four of the six top stock contributors are listed in the region.

We made a meaningful increase in the Fund's exposure to the region around 2014, coincident with the bottom of China's multi-year bear market, and India's election of Prime Minister, Narendra Modi.

Looking at the five calendar years; 2014-2018, the investments in Asia contributed 26% (and Japan a further 3%), to our net cumulative return of 42% over the period that we significantly ramped up our regional exposure. That return was dominated by 15% contribution from China (19% average exposure) and 9% from the combined exposure to India and Korea (11% average exposure). Putting this in context, as a Return on Capital, we made 78%\* from our investments in the region.

Other leading Asian contributors over this five year period included technology leaders (Alibaba, Baidu, China Mobile, 58.com), Chinese insurers (China Life, China Pacific, Ping An Insurance and PICC), regional banks (Bangkok Bank, IDFC, KB Financial), spirits makers (Jiangsu Yanghe and Kweichow Moutai) and leading sportswear brand, Anta Sports.

\*the contribution from Asia Pacific stocks divided by the average exposure to the stocks over the five year period.  
References to Asia in the section above relate to what MSCI define as 'Asia ex-Japan'.

The Platinum Trust Fund's quarterly report will be available on our website on 14 October 2019.

## Facts

Portfolio value	\$290.62 mn
Fund commenced	28 January 2005
Minimum investment	A\$10,000 or NZ\$10,000
Regular Investment Plan (min.)	A/NZ\$5000 plus A/NZ\$200 mth/qtr
Income distribution date	Annual, 30 June
Unit valuation	Sydney Business Day
Unit prices C Class	App - 1.6304 Red - 1.6255
Unit prices P Class	App - 1.0298 Red - 1.0267

## Performance <sup>1</sup>

	C Class %	P Class %	MSCI %
1 month	1.16	1.18	2.00
3 months	2.09	2.16	4.02
6 months	2.80	2.93	9.10
Calendar year to date	13.60	13.82	21.29
1 year	0.47	0.73	8.76
2 years (compound pa)	6.31	6.20	13.79
3 years (compound pa)	13.23		14.43
5 years (compound pa)	10.50		12.35
7 years (compound pa)	15.03		15.78
10 years (compound pa)	11.09		11.30
Since inception (compound pa)*	10.97	7.93	7.61

## Invested positions <sup>3</sup>

	Long %	Net %	Currency %
<b>North America</b>	<b>32.1</b>	<b>32.1</b>	<b>41.8</b>
Canada	2.9	2.9	2.3
United States	29.2	29.2	39.4
<b>Asia-Pacific</b>	<b>31.1</b>	<b>31.1</b>	<b>37.7</b>
China	2.8	2.8	2.8
China Ex PRC	14.7	14.7	
India	4.9	4.9	6.5
Japan	4.5	4.5	9.9
Korea	4.3	4.3	4.3
Hong Kong Dollar			14.1
<b>Europe</b>	<b>20.6</b>	<b>20.6</b>	<b>20.5</b>
Austria	3.1	3.1	
France	3.6	3.6	
Ireland	1.1	1.1	
Italy	2.5	2.5	
Russia	1.0	1.0	
Spain	3.7	3.7	
Switzerland	2.0	2.0	
United Kingdom	3.6	3.6	3.3
Euro			16.3
Norwegian Krone			0.8
<b>Sub-Total</b>	<b>83.9</b>	<b>83.9</b>	<b>100.0</b>
<b>Cash</b>	<b>16.1</b>	<b>16.1</b>	
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

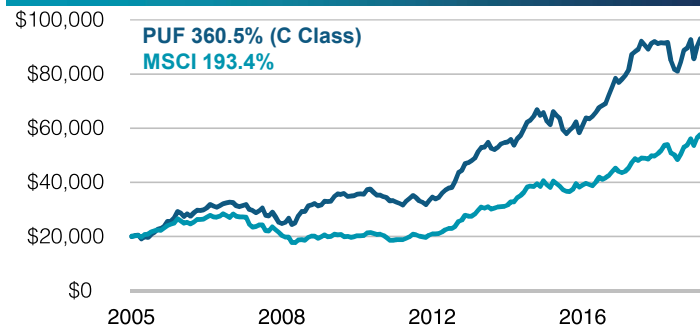
Long - 52 stocks, 1 swap

## Fees

Entry fee	Nil
Buy/sell spread	0.15%/0.15%
Fee:	
	C Class
	Investment Management 1.35% p.a.
	Investment Performance N/A
	P Class
	Investment Management 1.10% p.a.
	Investment Performance 15.00% p.a.*
*of the amount by which the Fund's return exceeds its index return	

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

## Performance graph <sup>2</sup>



## Top ten positions <sup>4</sup>

Stock	Country	Industry	%
Applus Services	Spain	Industrials	3.7
IHS Markit Ltd	United States	Industrials	3.6
Alphabet Inc	United States	Comm Services	3.4
Facebook Inc	United States	Comm Services	3.2
Raiffeisen Bank	Austria	Financials	3.1
Skyworks Solutions	United States	Info Technology	3.0
Sanofi SA	France	Health Care	3.0
Jiangsu Yanghe Brewery	China	Consumer Staples	2.8
ZTO Express Inc	China	Industrials	2.6
KB Financial Group	Korea	Financials	2.4
<b>Total</b>			<b>30.9</b>

## Industry breakdown <sup>3</sup>

Sector	Long %	Net %
Industrials	19.6	19.6
Financials	14.1	14.1
Communication Services	14.0	14.0
Info Technology	11.7	11.7
Energy	7.8	7.8
Health Care	3.9	3.9
Real Estate	3.6	3.6
Consumer Discretionary	3.4	3.4
Materials	3.0	3.0
Consumer Staples	2.8	2.8

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1. & 2. Source: Platinum for Fund returns and Factset Research Systems for MSCI returns. Investment returns are calculated using the Fund's NAV unit price (i.e. exclude a buy/sell spread) for C Class and P Class (as indicated), and represent the combined income and capital returns for each of these unit classes in the specified period. All returns are pre-tax, net of fees and costs and assume the reinvestment of distributions. Returns for P Class are net of any accrued investment performance fee. The returns are calculated relative to the MSCI All Country World Net Index in A\$. Since inception date for C Class is 28/01/05 and for P Class is 03/07/17. Since inception date of C Class has been used for the purposes of calculating since inception returns of the index. The investment returns depicted in the graph are cumulative on A\$20,000 invested in C Class units in the Fund since the C Class inception date. Past performance is not a reliable indicator of future returns. Platinum does not invest by reference to the weightings of the index. The index is provided as a reference only.

3. The "Long %" and "Net %" both represent the exposure to long securities and long securities/index derivative positions as a percentage of the market value of the Fund's portfolio. The "Currency %" is the effective currency exposure as a percentage of the market value of the Fund's portfolio, taking into account long securities, cash, forwards and long securities/index derivative positions. For the "Industry breakdown", index positions (whether through ETFs or derivatives) are only included under the relevant sector if they are sector specific, otherwise they are included under "Other".

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4. The "Top ten positions" show the Fund's top ten long securities positions as a percentage of the market value of the Fund's portfolio (including long securities and long securities derivative positions).

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### Facts

Portfolio value	\$4.44 bn
Fund commenced	04 March 2003
Minimum investment	A\$10,000 or NZ\$10,000
Regular Investment Plan (min.)	A/NZ\$5000 plus A/NZ\$200 mth/qtr
Income distribution date	Annual, 30 June
Unit valuation	Sydney Business Day
Unit prices C Class	App - 2.4914 Red - 2.4814
Unit prices P Class	App - 0.8844 Red - 0.8808

### Performance <sup>1</sup>

	C Class %	P Class %	MSCI %
1 month	0.86	0.88	1.56
3 months	0.46	0.52	(0.64)
6 months	0.68	0.79	(0.08)
Calendar year to date	10.80	11.00	10.35
1 year	3.83	4.08	3.59
2 years (compound pa)	4.36	4.47	6.76
3 years (compound pa)	9.77		10.89
5 years (compound pa)	8.67		9.80
7 years (compound pa)	12.61		11.65
10 years (compound pa)	8.76		8.40
Since inception (compound pa)*	13.99	7.00	10.02

### Invested positions <sup>3</sup>

	Long %	Short %	Net %	Currency %
<b>Asia-Pacific</b>	<b>80.0</b>	<b>(0.5)</b>	<b>79.5</b>	<b>42.4</b>
China	4.6		4.6	4.6
China Ex PRC	34.4		34.4	
Hong Kong	6.7		6.7	29.3
Taiwan	5.1		5.1	5.2
India	9.6	(0.5)	9.1	10.0
Korea	9.6		9.6	9.7
Malaysia	0.4		0.4	0.4
Philippines	3.1		3.1	3.1
Thailand	3.6		3.6	1.0
Vietnam	2.9		2.9	2.9
China Renminbi Off Shore				(23.7)
<b>North America</b>	<b>0.1</b>		<b>0.1</b>	<b>57.5</b>
United States	0.1		0.1	57.5
<b>Europe</b>				<b>0.1</b>
UK Pound Sterling				0.1
<b>Sub-Total</b>	<b>80.2</b>	<b>(0.5)</b>	<b>79.7</b>	<b>100.0</b>
<b>Cash</b>	<b>19.8</b>		<b>20.3</b>	
<b>Total</b>	<b>100.0</b>		<b>100.0</b>	<b>100.0</b>

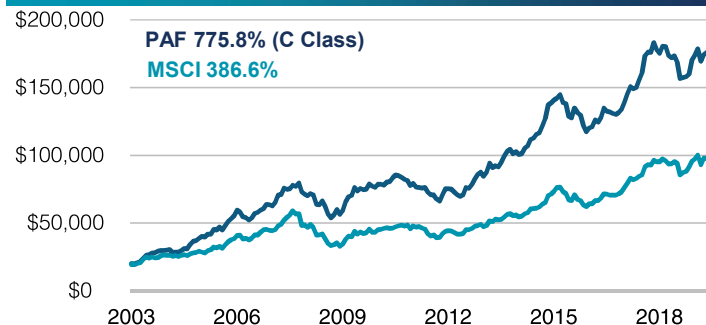
Long - 58 stocks, 1 swap Short - 1 index

### Fees

Entry fee	Nil
Buy/sell spread	0.20%/0.20%
Fee:	
	C Class
	Investment Management 1.35% p.a.
	Investment Performance N/A
	P Class
	Investment Management 1.10% p.a.
	Investment Performance 15.00% p.a.*
*of the amount by which the Fund's return exceeds its index return	

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

### Performance graph <sup>2</sup>



### Top ten positions <sup>4</sup>

Stock	Country	Industry	%
Samsung Electronics Co Ltd	Korea	Info Technology	5.8
Tencent Holdings	China	Comm Services	5.5
Taiwan Semiconductor	Taiwan	Info Technology	5.1
Alibaba Group Holding Ltd	China	Cons Discretionary	5.0
Ping An Insurance	China	Financials	3.4
AIA Group Ltd	Hong Kong	Financials	3.0
Meituan Dianping	China	Cons Discretionary	2.9
Vietnam Enterprise	Vietnam	Other	2.9
Kasikornbank PCL	Thailand	Financials	2.8
Axis Bank Limited	India	Financials	2.7
		<b>Total</b>	<b>39.1</b>

### Industry breakdown <sup>3</sup>

Sector	Long %	Short %	Net %
Consumer Discretionary	17.3		17.3
Financials	15.4		15.4
Communication Services	15.2		15.2
Info Technology	14.5	(0.5)	14.0
Real Estate	5.5		5.5
Industrials	5.0		5.0
Other	2.9		2.9
Health Care	1.9		1.9
Energy	1.3		1.3
Materials	0.8		0.8
Utilities	0.6		0.6
Consumer Staples	0.0		0.0

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1. & 2. Source: Platinum for Fund returns and Factset Research Systems for MSCI returns. Investment returns are calculated using the Fund's NAV unit price (i.e. exclude a buy/sell spread) for C Class and P Class (as indicated), and represent the combined income and capital returns for each of these unit classes in the specified period. All returns are pre-tax, net of fees and costs and assume the reinvestment of distributions. Returns for P Class are net of any accrued investment performance fee. The returns are calculated relative to the MSCI All Country Asia ex-Japan Net Index in A\$. Since inception date for C Class is 04/03/03 and for P Class is 03/07/17. Since inception date of C Class has been used for the purposes of calculating since inception returns of the index. The investment returns depicted in the graph are cumulative on A\$20,000 invested in C Class units in the Fund since the C Class inception date. Past performance is not a reliable indicator of future returns. Platinum does not invest by reference to the weightings of the index. The index is provided as a reference only.

3. The "Long %" is the exposure to long securities and long securities/index derivative positions, the "Short %" is the exposure to short securities and short securities/index derivative positions and the "Net %" is the exposure to long and short securities and long and short securities/index derivative positions, each as a percentage of the market value of the Fund's portfolio. The "Currency %" is the effective currency exposure as a percentage of the market value of the Fund's portfolio, taking into account long and short securities, cash, forwards and long and short securities/index derivative positions. For the "Industry breakdown", index positions (whether through ETFs or derivatives) are only included under the relevant sector if they are sector specific, otherwise they are included under "Other".

3. and 4. China generally refers to securities or derivatives over securities, which securities are listed on the Shanghai or Shenzhen stock exchange. China Ex PRC generally refers to securities or derivatives over securities, which securities are listed outside of the PRC but provide exposure to PRC companies.

4. The "Top ten positions" show the Fund's top ten long securities positions as a percentage of the market value of the Fund's portfolio (including long securities and long securities derivative positions).

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- China's economy is slowly stabilising.
- China's two-speed economy and market sell off has seen us upgrade the portfolio to larger, higher quality companies.
- India is stimulating its economy via tax cuts and other measures.

The Fund posted reasonable performance during September, Samsung being the largest contributor to performance following the release of its latest attempt at a foldable (highlighting its leadership in display technology) and amid improved sentiment to chipmakers in general.

We ended September with a similar exposure to the month prior, maintaining a healthy cash balance of just over 20%, alert to opportunities to deploy this capital should markets be jolted once again by adverse headlines in the current uncertain environment.

China's economy continues to perform in line with our expectations, with stabilisation apparent but without the very large fiscal stimulus and credit creation of prior recoveries. The People's Bank of China stated during the month that counter-cyclical efforts should be stepped up amid slack economic growth. However, the central bank made it clear that it will refrain from large-scale monetary loosening (Source: CICC).

China's September manufacturing Purchasing Manager's Index (PMI) remained in contractionary territory at 49.8, versus 49.5 in August. This was slightly higher than market consensus of 49.6. Within the PMI sub-indices, the new orders index accelerated, possibly reflecting restocking by manufacturers (Source: CICC). However, there is some likelihood that activity was boosted during the month by a pull-forward effect due to the People's Republic's 70th anniversary celebrations on 1 October. The effect of ongoing trade tension is apparent globally – please refer to accompanying chart of German, US and Chinese PMIs, all of which are in contraction.

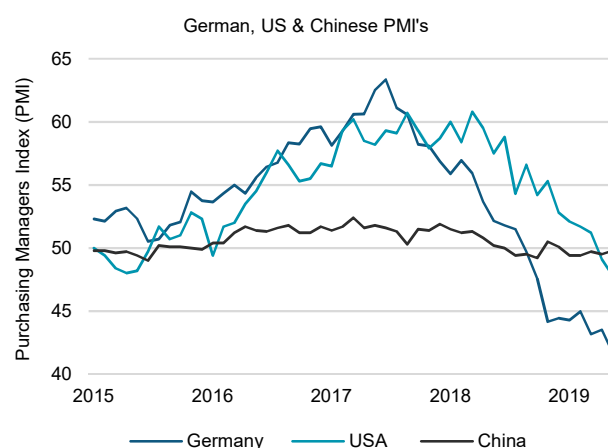
China's economic slowdown is weighing on corporate profitability in the country, with industrial enterprise profit growth falling two percent on an annual basis in August, versus 2.6% growth year-on-year in July (Source: CICC). Aggregate activity indicators show modest growth in China. Electricity consumption across China was up 3.6% year-on-year in August. Highway freight traffic increased 5.6% year-on-year, also in August (Source: BMO). This picture of slow stabilisation of the Chinese economy is corroborated by the OECD's Composite Lead Indicator for the country, shown in an accompanying chart.

Clearly, averages do not tell the full story – for instance Alibaba is expected to grow its profits by 29% in its financial year to March 2020 at the EBITDA level (Source: CICC). Indeed, it is this "two speed economy" that has seen us shift the portfolio to larger and higher quality companies versus those more leveraged to Chinese GDP growth over the last 18 months, and we have been afforded the chance to do so at good valuations given the overall market sell off, auguring well for future returns.

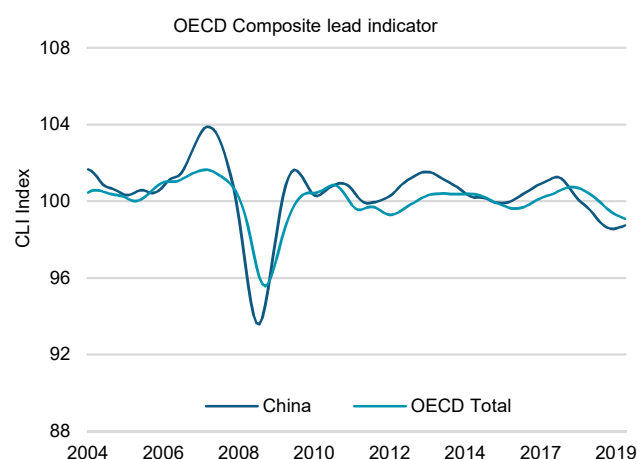
Late September saw further worries in the ongoing trade war between China and the US. It was reported that the White House was examining restrictions on US investors owning equity in Chinese tech firms (Barron's). This seems impractical to us and was denied by White House spokesperson Peter Navarro (Source: CNBC), but we continue to monitor the situation closely.

In India, Prime Minister Modi's government stepped up efforts to stimulate that country's economy. Indian GDP growth has fallen for five consecutive quarters to touch a six-year low of 5 per cent in the second quarter of 2019 (Source: Financial Times). The government announced a package of tax cuts during September, lowering the top effective corporate tax rate from nearly 35% to just over 25%, while slashing taxes on new manufacturing investment to 17% (Source: Financial Times). This followed a series of other reform announcements over recent weeks, including consolidation of the number of public sector banks, measures to support the auto sector and to boost housing and exports. We continue to be selective in India – as we highlighted last month, it is a market characterised by significant valuation dispersion and crowding in popular stocks.

The Platinum Trust Funds' Quarterly Report will be available on our website on 14 October 2019.



Source: Chart 1 – Bloomberg, Correct as at 30 September 2019.



Source: Chart 2 – OECD, Correct as at 30 September 2019.  
<https://data.oecd.org/leadind/composite-leading-indicator-cli.htm>



Source: Chart 3 – FactSet, Correct as at 30 September 2019.

## Facts

Portfolio value	\$774.46 mn
Fund commenced	30 June 1998
Minimum investment	A\$10,000 or NZ\$10,000
Regular Investment Plan (min.)	A/NZ\$5000 plus A/NZ\$200 mth/qtr
Income distribution date	Annual, 30 June
Unit valuation	Sydney Business Day
Unit prices C Class	App - 3.5942 Red - 3.5762
Unit prices P Class	App - 1.0380 Red - 1.0328

## Performance <sup>1</sup>

	C Class %	P Class %	MSCI %
1 month	0.77	0.79	2.64
3 months	3.02	3.09	2.14
6 months	9.83	9.95	8.30
Calendar year to date	14.21	14.41	18.84
1 year	1.15	1.47	6.89
2 years (compound pa)	6.99	6.83	7.48
3 years (compound pa)	14.23		11.31
5 years (compound pa)	11.43		7.80
7 years (compound pa)	14.13		12.18
10 years (compound pa)	11.49		7.28
Since inception (compound pa)*	11.66	8.27	3.28

## Invested positions <sup>3</sup>

	Long %	Short %	Net %	Currency %
<b>Europe</b>	<b>89.1</b>	<b>(16.3)</b>	<b>72.8</b>	<b>90.0</b>
Austria	7.2		7.2	
Denmark	2.5		2.5	2.5
France	3.6		3.6	
Germany	16.2	(12.1)	4.1	
Ireland	4.6		4.6	
Italy	3.4		3.4	
Netherlands	1.1	(0.6)	0.6	
Norway	13.3		13.3	13.3
Poland	2.8		2.8	2.8
Romania	7.6		7.6	3.7
Russia	2.1		2.1	
Spain	7.3	(0.8)	6.5	
Sweden		(1.3)	(1.3)	(0.0)
Switzerland	10.5	(1.6)	8.9	18.9
United Kingdom	6.8		6.8	12.6
Euro				36.3
<b>North America</b>	<b>8.5</b>		<b>8.5</b>	<b>9.9</b>
United States	8.5		8.5	9.9
<b>Asia-Pacific</b>				<b>0.1</b>
Australian Dollar				0.1
<b>Sub-Total</b>	<b>97.7</b>	<b>(16.3)</b>	<b>81.4</b>	<b>100.0</b>
<b>Cash</b>	<b>2.3</b>		<b>18.6</b>	
<b>Total</b>	<b>100.0</b>		<b>100.0</b>	<b>100.0</b>

Long - 42 stocks, 1 swap Short - 4 swaps, 2 indices

## Fees

Entry fee	Nil
Buy/sell spread	0.25%/0.25%
Fee:	C Class
	P Class
	Investment Management 1.35% p.a.
	Investment Performance N/A
	Investment Management 1.10% p.a.
	Investment Performance 15.00% p.a.*

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

## Performance graph <sup>2</sup>



## Top ten positions <sup>4</sup>

Stock	Country	Industry	%
Raiffeisen Bank	Austria	Financials	4.9
Booking Holdings Inc	United States	Cons Discretionary	4.7
Roche Holding AG	Switzerland	Health Care	4.2
Fondul GDR	Romania	Other	3.9
IHS Markit Ltd	United States	Industrials	3.8
Applus Services	Spain	Industrials	3.7
Golden Ocean Group	Norway	Industrials	3.7
Banca Transilvania	Romania	Financials	3.7
Schibsted ASA	Norway	Comm Services	3.7
Glencore PLC	Switzerland	Materials	3.5
		<b>Total</b>	<b>39.8</b>

## Industry breakdown <sup>3</sup>

Sector	Long %	Short %	Net %
Industrials	23.4		23.4
Financials	19.3		19.3
Health Care	14.4		14.4
Consumer Discretionary	12.2		12.2
Energy	7.8		7.8
Materials	5.1		5.1
Info Technology	5.2	(0.6)	4.6
Communication Services	5.2	(0.8)	4.5
Real Estate	1.2		1.2
Consumer Staples		(2.9)	(2.9)
Other	3.9	(12.1)	(8.2)

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# Platinum Japan Fund

ARSN 089 528 825

30 September 2019

## Facts

Portfolio value	\$777.48 mn
Fund commenced	30 June 1998
Minimum investment	A\$10,000 or NZ\$10,000
Regular Investment Plan (min.)	A/NZ\$5000 plus A/NZ\$200 mth/qtr
Income distribution date	Annual, 30 June
Unit valuation	Sydney Business Day
Unit prices C Class	App - 4.3587 Red - 4.3413
Unit prices P Class	App - 1.0202 Red - 1.0161

## Performance <sup>1</sup>

	C Class %	P Class %	MSCI %
1 month	1.50	1.52	3.93
3 months	5.43	5.49	7.31
6 months	11.60	11.73	9.72
Calendar year to date	16.36	16.57	15.99
1 year	7.44	7.70	2.24
2 years (compound pa)	6.68	6.83	10.54
3 years (compound pa)	11.14		10.78
5 years (compound pa)	13.93		11.26
7 years (compound pa)	20.78		15.12
10 years (compound pa)	12.86		8.38
Since inception (compound pa)*	14.33	8.85	3.16

## Invested positions <sup>3</sup>

	Long %	Short %	Net %	Currency %
<b>Asia-Pacific</b>	<b>88.1</b>	<b>(13.1)</b>	<b>75.0</b>	<b>84.6</b>
Japan	83.6	(11.6)	72.0	102.1
Korea	4.6	(1.6)	3.0	3.0
Australian Dollar				(20.4)
<b>North America</b>				<b>15.4</b>
United States Dollar				15.4
<b>Sub-Total</b>	<b>88.1</b>	<b>(13.1)</b>	<b>75.0</b>	<b>100.0</b>
<b>Cash</b>	<b>11.9</b>		<b>25.0</b>	
<b>Total</b>	<b>100.0</b>		<b>100.0</b>	<b>100.0</b>

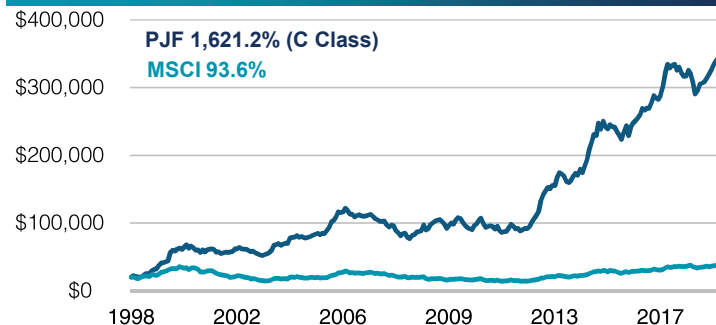
Long - 56 stocks Short - 15 swaps

## Fees

Entry fee	Nil
Buy/sell spread	0.20%/0.20%
Fee:	
	C Class
	Investment Management 1.35% p.a.
	Investment Performance N/A
	P Class
	Investment Management 1.10% p.a.
	Investment Performance 15.00% p.a.*
*of the amount by which the Fund's return exceeds its index return	

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

## Performance graph <sup>2</sup>



## Top ten positions <sup>4</sup>

Stock	Country	Industry	%
Takeda Pharma Co	Japan	Health Care	5.0
Oracle Japan	Japan	Info Technology	4.5
Rakuten Inc	Japan	Cons Discretionary	4.1
Itochu Corporation	Japan	Industrials	3.6
Japan Physical Gold ETF	Japan	Materials	3.4
Nintendo Co Ltd	Japan	Comm Services	3.4
JXTG Holdings Inc	Japan	Energy	3.2
Kyocera Corp	Japan	Info Technology	3.1
Canon Inc	Japan	Info Technology	3.0
Kangwon Land	Korea	Cons Discretionary	2.9
<b>Total</b>			<b>36.3</b>

## Industry breakdown <sup>3</sup>

Sector	Long %	Short %	Net %
Consumer Discretionary	22.6	(3.5)	19.0
Info Technology	16.1	(2.7)	13.4
Industrials	13.5	(1.3)	12.2
Communication Services	11.4		11.4
Materials	6.8		6.8
Health Care	8.7	(2.5)	6.2
Energy	5.3		5.3
Financials	2.5		2.5
Real Estate	0.2		0.2
Consumer Staples	1.1	(3.1)	(1.9)

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# Platinum Int'l Brands Fund

ARSN 092 429 813

30 September 2019

## Facts

Portfolio value	\$645.34 mn
Fund commenced	18 May 2000
Minimum investment	A\$10,000 or NZ\$10,000
Regular Investment Plan (min.)	A/NZ\$5000 plus A/NZ\$200 mth/qtr
Income distribution date	Annual, 30 June
Unit valuation	Sydney Business Day
Unit prices C Class	App - 2.0787 Red - 2.0704
Unit prices P Class	App - 0.8232 Red - 0.8199

## Performance <sup>1</sup>

	C Class %	P Class %	MSCI %
1 month	0.43	0.45	2.00
3 months	1.69	1.76	4.02
6 months	(0.70)	(0.57)	9.10
Calendar year to date	14.35	14.56	21.29
1 year	2.57	2.83	8.76
2 years (compound pa)	4.99	5.23	13.79
3 years (compound pa)	12.52		14.43
5 years (compound pa)	10.82		12.35
7 years (compound pa)	12.71		15.78
10 years (compound pa)	11.93		11.30
Since inception (compound pa)*	12.25	7.34	3.57

## Invested positions <sup>3</sup>

	Long %	Short %	Net %	Currency %
<b>Asia-Pacific</b>	<b>51.5</b>	<b>(2.8)</b>	<b>48.7</b>	<b>19.5</b>
Australia		(1.4)	(1.4)	0.4
China	5.8		5.8	5.8
China Ex PRC	31.7		31.7	
Hong Kong	2.1	(1.4)	0.7	11.9
India	2.0		2.0	2.0
Japan	8.3		8.3	4.3
Turkey	1.5		1.5	1.5
China Renminbi Off Shore				(6.4)
<b>North America</b>	<b>26.7</b>	<b>(14.4)</b>	<b>12.4</b>	<b>49.2</b>
Canada	4.3		4.3	1.3
United States	22.5	(14.4)	8.1	48.0
<b>Europe</b>	<b>15.2</b>	<b>(3.3)</b>	<b>11.9</b>	<b>31.2</b>
Denmark	1.0		1.0	1.0
Germany	3.5		3.5	
Norway	1.6		1.6	3.7
Russia	5.2		5.2	
Sweden		(1.5)	(1.5)	(0.0)
Ukraine	0.5		0.5	
United Kingdom	3.4	(1.8)	1.7	3.8
Euro				22.8
<b>Other</b>	<b>0.1</b>		<b>0.1</b>	<b>0.1</b>
Zimbabwe	0.1		0.1	0.1
<b>Sub-Total</b>	<b>93.5</b>	<b>(20.4)</b>	<b>73.1</b>	<b>100.0</b>
<b>Cash</b>	<b>6.5</b>		<b>26.9</b>	
<b>Total</b>	<b>100.0</b>		<b>100.0</b>	<b>100.0</b>

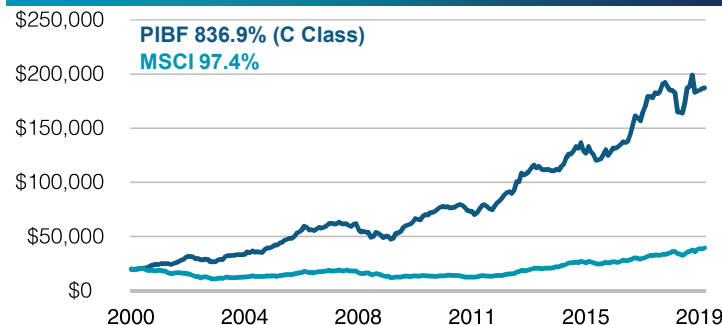
Long - 44 stocks, 2 swaps Short - 13 swaps

## Fees

Entry fee	Nil
Buy/sell spread	0.20%/0.20%
Fee:	
	C Class
	Investment Management 1.35% p.a.
	Investment Performance N/A
	P Class
	Investment Management 1.10% p.a.
	Investment Performance 15.00% p.a.*
*of the amount by which the Fund's return exceeds its index return	

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

## Performance graph <sup>2</sup>



## Top ten positions <sup>4</sup>

Stock	Country	Industry	%
Meituan Dianping	China	Cons Discretionary	5.1
Alphabet Inc	United States	Comm Services	4.2
Autohome Inc	China	Comm Services	3.9
Alibaba Group Holding Ltd	China	Cons Discretionary	3.8
Lixil Group	Japan	Industrials	3.7
Facebook Inc	United States	Comm Services	3.6
Kweichow Moutai Co	China	Consumer Staples	3.3
Tencent Holdings	China	Comm Services	3.0
Stars Group Inc	Canada	Cons Discretionary	3.0
Sina Corp	China	Comm Services	3.0
<b>Total</b>			<b>36.6</b>

## Industry breakdown <sup>3</sup>

Sector	Long %	Short %	Net %
Consumer Discretionary	45.1	(8.0)	37.1
Communication Services	22.6		22.6
Financials	9.3		9.3
Industrials	3.7		3.7
Real Estate	0.6		0.6
Consumer Staples	12.2	(12.4)	(0.2)

Platinum Investment Management Limited ABN 25 063 565 006 AFSL 221935, trading as Platinum Asset Management ("Platinum") is the responsible entity of the Platinum International Brands Fund (the "Fund"). The Fund's latest Product Disclosure Statement (the "PDS") provides details about the Fund. You can obtain a copy of the PDS from Platinum's website [www.platinum.com.au](http://www.platinum.com.au), or by contacting Investor Services on 1300 726 700 (Australian investors only), or 0800 700 726 (New Zealand investors only), or 02 9255 7500, or via [invest@platinum.com.au](mailto:invest@platinum.com.au). This information is general in nature and does not take into account your specific needs or circumstances. You should consider your own financial position, objectives and requirements and seek professional financial advice before making any financial decisions. Numerical figures have been subject to rounding. Platinum does not guarantee the performance of the Fund, the repayment of capital or the payment of income. The market commentary reflects Platinum's views and beliefs at the time of preparation, which are subject to change without notice. No representations or warranties are made by Platinum as to their accuracy or reliability. To the extent permitted by law, no liability is accepted by Platinum for any loss or damage as a result of any reliance on this information.

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# Platinum Int'l Health Care Fund

ARSN 107 023 530

30 September 2019

## Facts

Portfolio value	\$255.29 mn
Fund commenced	10 November 2003
Minimum investment	A\$10,000 or NZ\$10,000
Regular Investment Plan (min.)	A/NZ\$5000 plus A/NZ\$200 mth/qtr
Income distribution date	Annual, 30 June
Unit valuation	Sydney Business Day
Unit prices C Class	App - 2.0056 Red - 1.9995
Unit prices P Class	App - 1.0209 Red - 1.0178

## Performance <sup>1</sup>

	C Class %	P Class %	MSCI %
1 month	(1.36)	(1.35)	(0.31)
3 months	0.14	0.20	2.60
6 months	(2.53)	(2.41)	5.18
Calendar year to date	10.53	10.74	12.59
1 year	(3.82)	(3.58)	4.59
2 years (compound pa)	9.75	9.53	13.69
3 years (compound pa)	11.03		12.24
5 years (compound pa)	12.92		11.77
7 years (compound pa)	16.31		18.36
10 years (compound pa)	14.61		14.55
Since inception (compound pa)*	9.56	9.46	9.22

## Invested positions <sup>3</sup>

	Long %	Short %	Net %	Currency %
<b>North America</b>	<b>33.3</b>	<b>(4.1)</b>	<b>29.2</b>	<b>45.3</b>
United States	33.3	(4.1)	29.2	45.3
<b>Europe</b>	<b>25.7</b>		<b>25.7</b>	<b>30.4</b>
Belgium	1.9		1.9	
Denmark	1.1		1.1	1.1
France	4.7		4.7	
Germany	5.1		5.1	
Netherlands	1.7		1.7	
Spain	2.2		2.2	
Sweden	1.4		1.4	1.2
Switzerland	4.4		4.4	7.3
United Kingdom	3.2		3.2	6.9
Euro				11.8
Norwegian Krone				2.0
<b>Asia-Pacific</b>	<b>24.8</b>		<b>24.8</b>	<b>24.3</b>
Australia	14.0		14.0	4.1
China Ex PRC	4.2		4.2	
Japan	6.2		6.2	18.3
Singapore	0.4		0.4	
Hong Kong Dollar				2.0
<b>Sub-Total</b>	<b>83.9</b>	<b>(4.1)</b>	<b>79.8</b>	<b>100.0</b>
<b>Cash</b>	<b>16.1</b>		<b>20.2</b>	
<b>Total</b>	<b>100.0</b>		<b>100.0</b>	<b>100.0</b>

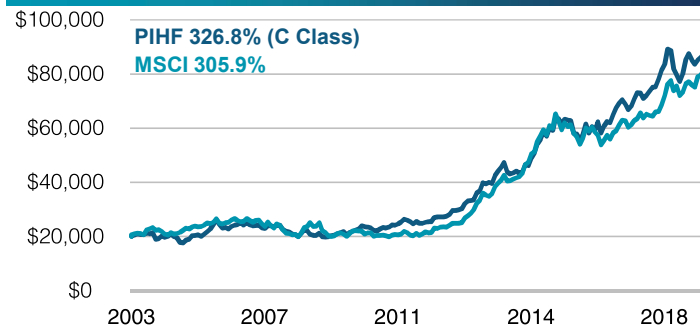
Long - 64 stocks, 2 options Short - 7 swaps

## Fees

Entry fee	Nil
Buy/sell spread	0.15%/0.15%
Fee:	C Class
	P Class
	Investment Management 1.35% p.a.
	Investment Performance N/A
	Investment Management 1.10% p.a.
	Investment Performance 15.00% p.a.*

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

## Performance graph <sup>2</sup>



## Top ten positions <sup>4</sup>

Stock	Country	Industry	%
SpeedX Pty Ltd	Australia	Biotechnology	5.5
Sanofi SA	France	Pharmaceuticals	3.6
Roche Holding AG	Switzerland	Pharmaceuticals	3.5
Takeda Pharma Co	Japan	Pharmaceuticals	3.3
Telix Pharmaceutical	Australia	Biotechnology	2.5
Gilead Sciences Inc	United States	Biotechnology	2.4
Zai Lab Ltd	China	Biotechnology	2.3
Almirall SA	Spain	Pharmaceuticals	2.2
Quanterix Corp	United States	Life Sciences T&S	2.0
Coherus Biosciences	United States	Biotechnology	2.0
	<b>Total</b>		<b>29.4</b>

## Industry breakdown <sup>3</sup>

Sector	Long %	Short %	Net %
Health Care	83.9	(4.1)	79.8

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## Facts

Portfolio value	\$111.87 mn
Fund commenced	18 May 2000
Minimum investment	A\$10,000 or NZ\$10,000
Regular Investment Plan (min.)	A/NZ\$5000 plus A/NZ\$200 mth/qtr
Income distribution date	Annual, 30 June
Unit valuation	Sydney Business Day
Unit prices C Class	App - 1.7939 Red - 1.7885
Unit prices P Class	App - 1.1719 Red - 1.1683

## Performance <sup>1</sup>

	C Class %	P Class %	MSCI %
1 month	0.52	0.54	1.99
3 months	6.08	6.15	6.77
6 months	8.88	9.03	13.72
Calendar year to date	18.65	18.88	33.89
1 year	8.55	8.83	14.06
2 years (compound pa)	10.10	10.38	23.27
3 years (compound pa)	13.32		24.43
5 years (compound pa)	11.20		21.74
7 years (compound pa)	15.09		23.42
10 years (compound pa)	9.71		17.52
Since inception (compound pa)*	9.46	10.78	1.92

## Invested positions <sup>3</sup>

	Long %	Short %	Net %	Currency %
<b>North America</b>	<b>51.0</b>	<b>(2.1)</b>	<b>48.9</b>	<b>66.6</b>
Canada	4.2		4.2	4.2
United States	46.9	(2.1)	44.7	62.4
<b>Asia-Pacific</b>	<b>21.3</b>		<b>21.3</b>	<b>23.1</b>
China Ex PRC	8.4		8.4	
Taiwan	2.9		2.9	3.0
India	0.1		0.1	0.1
Japan	1.7		1.7	6.2
Korea	8.2		8.2	8.2
Australian Dollar				0.2
Hong Kong Dollar				5.5
<b>Europe</b>	<b>10.6</b>	<b>(0.3)</b>	<b>10.3</b>	<b>10.3</b>
Austria	0.4		0.4	
France	0.5		0.5	
Germany	1.2		1.2	
Italy	1.3		1.3	
Netherlands	0.2		0.2	
Norway	3.0		3.0	3.4
Sweden	1.3		1.3	1.3
United Kingdom	2.6	(0.3)	2.4	2.2
Euro				2.7
Swiss Franc				0.6
<b>Sub-Total</b>	<b>82.9</b>	<b>(2.4)</b>	<b>80.5</b>	<b>100.0</b>
<b>Cash</b>	<b>17.1</b>		<b>19.5</b>	
<b>Total</b>	<b>100.0</b>		<b>100.0</b>	<b>100.0</b>

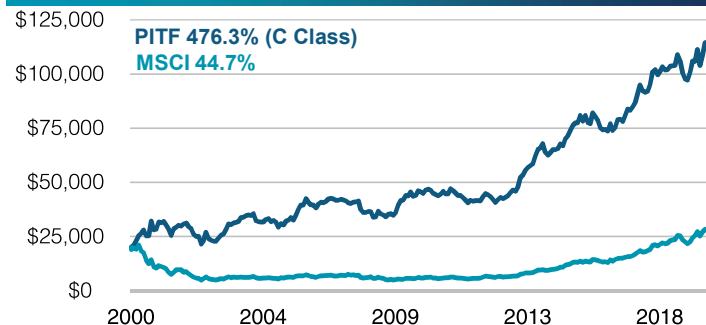
Long - 53 stocks, 1 swap Short - 5 swaps

## Fees

Entry fee	Nil
Buy/sell spread	0.15%/0.15%
Fee:	C Class
	P Class
	Investment Management 1.35% p.a.
	Investment Performance N/A
	Investment Management 1.10% p.a.
	Investment Performance 15.00% p.a.*

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

## Performance graph <sup>2</sup>



## Top ten positions <sup>4</sup>

Stock	Country	Industry	%
Alphabet Inc	United States	Comm Services	6.7
Samsung Electronics Co Ltd	Korea	Info Technology	4.4
Facebook Inc	United States	Comm Services	4.2
Constellation Soft	Canada	Info Technology	4.2
Tencent Holdings	China	Comm Services	4.0
Microchip Technology	United States	Info Technology	3.4
Taiwan Semiconductor	Taiwan	Info Technology	2.9
IHS Markit Ltd	United States	Industrials	2.7
Skyworks Solutions	United States	Info Technology	2.5
Samsung SDI Co	Korea	Info Technology	2.4
<b>Total</b>			<b>37.3</b>

## Industry breakdown <sup>3</sup>

Sector	Long %	Short %	Net %
Info Technology	46.2	(1.1)	45.1
Communication Services	25.3		25.3
Industrials	5.3		5.3
Consumer Discretionary	6.2	(1.3)	4.9

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