Platinum International Technology Fund

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Disposition of Assets

REGION	30 JUN 2018	31 MAR 2018	30 JUN 2017
North America	42%	38%	35%
Asia and other	23%	25%	26%
Europe	10%	12%	14%
Japan	5%	6%	4%
Cash	20%	19%	21%
Shorts	-1%	0%	<0%

Source: Platinum Investment Management Limited. See note 3, page 4.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Alphabet Inc	USA	IT	5.9%
Tencent Holdings	China	IT	4.5%
Facebook Inc	USA	IT	3.9%
Samsung Electronics	Korea	IT	3.5%
PayPal Holdings	USA	IT	3.1%
Constellation Software	Canada	IT	2.8%
Apple Inc	USA	IT	2.7%
Microchip Technology	USA	IT	2.7%
Oracle Corporation	USA	IT	2.6%
Taiwan Semiconductor	Taiwan	IT	2.4%

As at 30 June 2018.
Source: Platinum Investment Management Limited. See note 4, page 4.

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.

Performance and Changes to the Portfolio

(compound pa, to 30 June 2018)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Tech Fund*	2%	13%	10%	14%	10%
MSCI AC World IT Index	8%	31%	22%	25%	1%

Net of accrued fees and costs. Refer to note 1, page 4.
*C Class – standard fee option. Inception date: 18 May 2000.
Source: Platinum Investment Management Limited, FactSet.
Historical performance is not a reliable indicator of future performance.

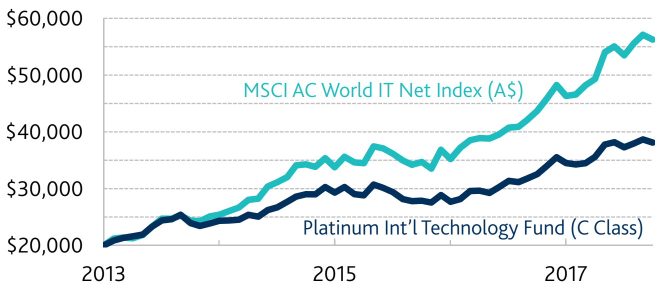
The MSCI AC World IT Net Index (A$) rose 7.8% over the quarter, mostly driven by tech titans such as Apple (+10%), Microsoft (+8%), Alphabet (+9%) and Facebook (+22%) (which are all positions held by the Fund). As at the end of June 2018, these four stocks combined represented nearly 32% of the above index.

The Fund (Class C) was up a more modest 2% over the same period, partly due to its large cash allocation (20%), a much smaller allocation to the above mentioned names (close to 14% combined), and a relatively high exposure to underperforming Chinese internet stocks and plateauing semiconductor stocks.

The Trump administration's rhetoric against "unfair trade" escalated during the quarter, imposing tariffs on imported goods from a number of countries and issuing bans on export of strategically sensitive technology specifically targeting

Value of $20,000 Invested Over Five Years

30 June 2013 to 30 June 2018



Fund returns are net of accrued fees and costs. Refer to note 2, page 4.
Source: Platinum Investment Management Limited, FactSet.
Historical performance is not a reliable indicator of future performance.

China. Against the backdrop of the possibility of widespread trade wars between the US and the rest of the world, investors have penalised those stocks that are potentially more exposed to the negative consequences of prolonged tensions and retaliations.

Instead, they sought refuge in those areas that are considered more "domestically-focused" or are less exposed to the vagaries of politically motivated economic policies. Hence, money continued to flow to the "safety" of the proven tech titans as well as other high-growth sectors like cloud software, cybersecurity and digital payments.

The divergence in performance by industry[1] is illustrative of these dynamics. The strongest performance (in USD terms) this quarter was once again Internet Retail (+23%), driven by the seemingly unstoppable Amazon (+17%). Data Processing Services (+9%) was also strong, driven by PayPal (+10%), one of the Fund's top 10 positions. Internet Software (+6%) also performed well, thanks to Facebook and Alphabet (both among the top 10 positions in the Fund).

Other industries that are seen as being relatively insulated from trade war risks include Movies/Entertainment (+6%) and Cable/Satellites (+6%), helped by the strong performance of Netflix as well as Disney's and Comcast's competing bids for 21st Century Fox assets. Also worth mentioning is the good performance by gaming companies Electronic Arts and Activision, which are focused on new forms of interactive gaming products (see Commentary below) that are becoming increasingly attractive to younger audiences who are less interested in traditional media.

Semiconductors (-4%) and Electronic Production Equipment (-8%) showed signs of weakness after a long period of strong performance. Investors became increasingly worried about the sustainability of an over-extended cycle for consumer electronics and the potentially bigger risks emerging from a full-blown tariff and IP war between the US and China.

Commentary

For those who are not close to the computer gaming market, you may have not noticed how much the space has evolved over the past few years. Of course, given the prevalence of gaming, we would not be surprised if many of you are gamers yourselves! Gamers are not a small minority amongst us, with about 30% of the global population believed to engage in some form of gaming across computers, consoles and mobile devices. Looking at more developed countries where access to electronics and internet connectivity is more prevalent, the portion of the population playing games is even higher. And while historically gaming was often associated with children – in particular, boys – the average gamer is now estimated to be 34 years old, and females actually account for nearly half of the gaming population.

The gaming industry is now generating more than US$100 billion in annual revenues and growing at a respectable clip. Not only this, but there are interesting transitions afoot. The rise of the mobile phone as a gaming platform is perhaps the most obvious, now even bigger than PC or console games from a revenue perspective, but this is far from the only major change the industry is witnessing.

Years ago games were largely sold through retail stores and played by a single player on a computer or console, whereas many of today's most popular games are free to download and play online against others. Yes, you read that correctly, some of the industry's biggest money-spinners, generating tens or even hundreds of millions of dollars a month, are free to play. The way companies make money from such free games varies, in some cases in-game advertising contributes, for others the bulk of money comes from 'in-game purchases'. Often free to play games include options whereby players can pay to get past a tricky level, speed up the game-play, give them an edge over competing players, or simply personalise their in-game character by changing its appearance.

If you don't play games yourself, the idea of electing to pay within a free game may seem strange. For some, this behaviour is driven by a competitive streak or a desire to make progress. For others, it's about being able to express themselves more fully in their leisure time, perhaps by standing out from the virtual crowd, or showing support for their favourite team – not unlike sports fans who buy team jerseys. Even among those who do choose to pay, for the vast majority the cost-per-hour of entertainment is sensationally low.

Some games develop devoted fan bases, surviving and thriving for ten years or more as the developers continue to iterate the game and users remain engaged. This depth of engagement creates opportunities for the companies involved, such as licensing of intellectual property for movies, TV series or toys. Even more importantly, however, is the emergence of competitions around these games, a phenomenon known as "eSports". These eSports events can be huge, with audiences packing out stadiums, tickets to the finals for the largest of these competitions starting at $250 and prize pools running in excess of $20 million. Media rights to these events are bringing in hundreds of millions in new revenues to the industry, and sponsorships can be highly sought after. (Take a look at this YouTube video to get a feel

1 Source for industry performance cited in this report: FactSet. Industry classification by FactSet.

for it https://www.youtube.com/watch?v=F_GxPXXLc-w. You will be surprised!)

So if you've ever found yourself playing Clash of Clans on the train to work, Candy Crush while waiting for your coffee, or cheering for your home team at a League of Legends tournament, you are part of a growing portion of society that is embracing games.

While we've only touched on a few of the shifts in the industry, hopefully it gives you a sense of the dynamism. For investors, change presents opportunity, and the gaming industry has an entire ecosystem of companies through which investors can participate in the change. The Fund has exposure to this theme through a number of companies, including our long-held position in Tencent – a company with operations stretching from game development, through to distribution, eSports and everything in between.

Outlook

As mentioned in our March 2018 quarterly report, the US equity market (where the majority of technology stocks are listed) has until now benefited from President Trump's tax cuts, large share buy-backs and a resilient domestic economy. Technology stocks have broadly participated in the rally, but they are beginning to show signs of weakness, particularly in the more cyclical industries.

In China, domestic and foreign investors are now discounting tariff retaliations against the US which would affect local manufacturers and exporters, including many companies at the core of key global technology supply chains. Think about the iPhone. This quintessential piece of "designed in California" American technology is in fact assembled in factories across China where workers (and robots) put together semiconductors and other components flown in from Taiwan, South Korea, Europe and the US before the finished products eventually land at your local Apple store. What would be the consequences should President Trump proceed with more radical tariffs on products imported from China? Dire, we believe, for all actors in the supply chain.

President Trump's trade policies seem to be driven more by politics than economics (pleasing his electoral base seems more important than economic outcomes), and he may be trying to proceed with his "art of the deal" strategy, hoping to eventually force his counterparties to a compromise, or at least the semblance of one. It may ultimately work, but it will create disruption in the short- to medium-term.

Because it's impossible to completely turn back the globalisation clock, nor is it in any government's interest to disrupt domestic economies, we believe that some form of compromise will most likely be achieved, at some point.

Global stock markets are likely to be more reactive as a result of this uncertainty. Should higher volatility bring about a market correction, we plan to selectively add to the stocks that we feel will benefit most from key secular themes. We believe that these companies tend to be able to better withstand short-term political or cyclical volatility to follow through on their long-term growth trajectory.

Notes

1. Fund returns are calculated using the net asset value per unit (which does not include the buy/sell spread) of the stated unit class of the Fund and represent the combined income and capital returns of the stated unit class over the specified period. Fund returns are net of accrued fees and costs, are pre-tax, and assume the reinvestment of distributions. The investment returns shown are historical and no warranty can be 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.

   Index returns are in Australian dollars and assume the reinvestment of dividends from constituent companies, but do not reflect fees and expenses. For the purpose of calculating the “since inception” returns of the MSCI index, the inception date of C Class of the Fund has been used. Where applicable, the gross MSCI indices were used prior to 31 December 1998 as the net MSCI indices did not exist then. Fund returns have been provided by Platinum Investment Management Limited; MSCI index returns have been sourced from FactSet.

   Platinum does not invest by reference to the weightings of any index or benchmark, and index returns are provided as a reference only. A Fund’s underlying assets are chosen through Platinum’s bottom-up investment process and, as a result, the Fund’s holdings may vary considerably to the make-up of the index that is used as its reference benchmark.

   The stated portfolio values of C Class and P Class of the Platinum International Fund (PIF) do not include funds invested in PIF by the Platinum International Fund (Quoted Managed Hedge Fund), a feeder fund that invests primarily in PIF. The stated portfolio values of C Class and P Class of the Platinum Asia Fund (PAF) do not include funds invested in PAF by the Platinum Asia Fund (Quoted Managed Hedge Fund), a feeder fund that invests primarily in PAF.

2. The investment returns depicted in this graph are cumulative on A$20,000 invested in C Class (standard fee option) of the specified Fund over the specified period relative to the specified net MSCI index in Australian dollars.

   Fund returns are calculated using the net asset value per unit (which does not include the buy/sell spread) of C Class of the Fund and represent the combined income and capital returns of C Class over the specified period. Fund returns are net of accrued fees and costs, are pre-tax, and assume the reinvestment of distributions. The investment returns shown are historical and no warranty can be 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.

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3. The geographic disposition of assets (i.e. the positions listed other than “cash” and “shorts”) represents the Fund's effective exposures to the relevant countries/regions as a percentage of the Fund's net asset value, taking into account direct stock holdings and long derivative positions (stocks and indices).

4. The table shows the Fund’s top 10 long stock positions as a percentage of the Fund's net asset value, taking into account direct stock holdings and long derivative positions. The designation "China" in the "Country" column means that the company's business is predominantly based in mainland China, regardless of whether the company's securities are listed on exchanges within mainland China or on exchanges outside of mainland China.

5. The table shows the Fund's effective net exposure to the relevant sectors as a percentage of the Fund's net asset value, taking into account direct stock holdings and both long and short derivative positions (stocks and indices).

6. The table shows the Fund's effective exposures to the relevant currencies as a percentage of the Fund's net asset value, taking into account stocks holdings, cash and the use of derivatives.

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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.

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