Platinum International Technology Fund

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Performance

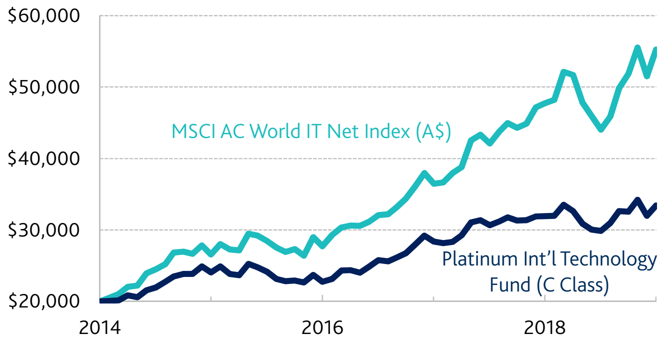
(compound p.a.+, to 30 June 2019)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Tech Fund*	3%	5%	14%	11%	9%
MSCI AC World IT Index^	7%	16%	26%	23%	2%

+ 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.
Historical performance is not a reliable indicator of future performance.
See note 1, page 4. Numbers have been subject to rounding adjustments.

Value of $20,000 Invested Over Five Years

30 June 2014 to 30 June 2019



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.
See notes 1 & 2, page 4.

The Fund (C Class) returned 2.6% for the quarter and 4.7% for the financial year ending 30 June. By comparison, the Index returned 6.5% for the quarter and 15.7% for the year.

Due to Index changes over the past year, performance in the technology sector is now strongly influenced by Apple and Microsoft, reflecting their large index weightings of 12% and 13% respectively. In keeping with Platinum's investment approach, the Fund is managed independently of the Index, and we believe it is prudent risk management to limit stock positions to less than the weightings of the largest index constituents. As a result, the extent to which these two companies' share prices perform better or worse than average is likely to influence whether the Fund lags or outperforms the Index.

Changes in the Portfolio and Commentary

As this is the June quarter report, we thought it would be helpful to review the financial year. As usual, over the past 12 months, the team continued to scour the world for good investment opportunities, meeting with over 100 companies in the technology space, as well as partaking in several meetings with industry experts and analysts, and reading innumerable company and industry reports.

The sector as a whole continues to evolve. Cloud computing is growing apace, which is having ramifications across software, hardware, networking equipment, security, and other related areas. In the semiconductor field, the last financial year saw the first commercial scale production of microchips using Extreme Ultra Violet (EUV) technology, which sets the stage for the ongoing miniaturisation of electrical circuits, and the resultant performance and power benefits.

Communications technologies continue to evolve, with early commercial 5G services launched and the first WiFi 6 devices entering the market, both of which facilitate faster data transfer, lower power consumption, more connected devices, and numerous other benefits, putting the foundations in place for smart factories and homes. The rise of electric vehicles continues to gain traction, with sales up more than 40% over the year, and a range of manufacturers entering the fray, with both Jaguar's I-PACE and Audi's e-tron making their first customer deliveries during the year. Looking further afield, drone delivery services are making progress towards widespread commercialisation, with Google's drone delivery service receiving approval from the aviation regulator for limited commercial operations in Australia (delivery services to include food and drinks, medication and locally-made coffee and chocolate). While in quantum computing, progress appears to be hurtling along, with discussion that 'quantum supremacy' (an important, but largely theoretical, milestone) could be achieved within months, which could see computers solve previously unsolvable problems, with significant implications for all facets of life, ranging from science and medicine, to materials and energy in the long term.

Turning to the portfolio, we established positions in a handful of new companies, and exited a range of positions during the year. Regular readers may recall our discussion of newer holdings such as US company **Carvana**, which is applying the e-commerce model to the used car industry by allowing customers to browse their inventory of over 18,000 cars online and then have the car they choose delivered to their door. Customers love the convenience of the offering, and the business is more than doubling year on year. They are a first mover in this market, tapping into the huge domestic US used car market.

Roku is another relatively new addition to the portfolio. Roku is the leading smart-TV platform in the US, and it is gearing up for international expansion. The company is seeing growth in their platform business in excess of 70% p.a., and we believe they have the potential to be a significantly larger business in the years to come. **Criteo** is another new and small addition to the portfolio, with a strong position in their advertising technology (ad-tech) niche. This company had fallen out-of-favour with the market, as privacy concerns loomed large over the ad-tech space. The founder has come back to run the business, and new products introduced under his watch are seeing strong early traction. Other new names in the portfolio include companies involved in semiconductor manufacturing equipment, online travel, and smart home security systems. These new holdings replaced companies previously held by the Fund such as, **Murata Manufacturing** (Japan electronic components), **Yangtze Optical Fibre and Cable** and **Nexon** (Japan online and mobile games developer).

During the year, we modestly increased our position in some memory companies, as we have increased conviction that competition is far more rational than in years past following a period of consolidation in the industry, and we believe the market price for those assets is being unduly driven by shorter-term concerns. We also took advantage of the market sell-off leading up to Christmas, adding to positions in companies like **Analog Devices**, as they continue to benefit from a great portfolio of products serving smart factories, electric vehicles, 5G, aerospace, and medical diagnostics. Other holdings we added to during the year included software companies, microchip manufacturers, a fibre optic cable manufacturer, and a telecommunications company.

Positions trimmed largely fell into two buckets: the more successful investments where the share price materially appreciated; and those where the investment thesis had not progressed as we expected. The first category includes companies like **PayPal**, **Xilinx** (semiconductor) and **Twilio**. Many readers may not be very familiar with Twilio. This company was introduced to the portfolio less than two years ago, and their core product enables software developers to easily incorporate phone calls, SMS, and other methods of communication into their applications. If you have ever received a call or SMS when using a service like Uber or Airbnb, then there's a good chance Twilio was powering that communication. Since our initial purchase, Twilio's shares have more than doubled.

Companies trimmed due to a weakening investment thesis included **Bitauto**, **Nielsen** and **Nissha**. Bitauto is a Chinese online classifieds operation for cars. When we initially invested, we felt the core business could justify the share price, while other assets in their portfolio could have significant option value. In reality, the core business was weaker than we had appreciated, and the 'option value' looks increasingly unlikely to yield any material upside. We reduced our position early in the financial year at a modest loss relative to our entry price, and in retrospect we should have sold out completely as our confidence waned. Market data researcher and provider, Nielsen is another holding that has disappointed, currently trading around half the levels where we first bought it for in 2014. At the time of our initial purchase, we felt the market was overly concerned about the health of its TV ratings business. We were largely correct on that front, however, it was actually their other segment, which provides data services to consumer goods companies, that disappointed. We expected this segment to be stable, however Nielsen's customers have experienced competitive pressure and cut costs in an attempt to defend their margins, resulting in sales headwinds for Nielsen. We reduced the position early in the financial year, and the stock has since de-rated further, although we feel at the current price the market is too harsh in its assessment of the businesses' value, so have retained a small position.

Other significant positive contributors over the past year included our holdings in **Constellation Software**, **Oracle**, **Cisco**, **Schibsted** (online classifieds) and **Microsoft**. Other detractors over the past year included our holdings in **SINA** (online and mobile media), **ams** (analogue semiconductors)

Disposition of Assets

REGION	30 JUN 2019	31 MAR 2019	30 JUN 2018
North America	48%	48%	42%
Asia	19%	19%	23%
Europe	10%	11%	10%
Japan	2%	1%	5%
Cash	21%	21%	20%
Shorts	-2%	-3%	-1%

See note 3, page 4. Numbers have been subject to rounding adjustments.
Source: Platinum Investment Management Limited.

Net Sector Exposures ^

SECTOR	30 JUN 2019	31 MAR 2019	30 JUN 2018
Information Technology	42%	42%	43%
Communication Services	24%	26%	28%
Industrials	5%	4%	4%
Consumer Discretionary	5%	4%	3%
Utilities	0%	0%	1%
Financials	0%	0%	<1%
TOTAL NET EXPOSURE	76%	76%	79%

^ A major GICS reclassification was implemented during the December 2018 quarter. The changes affected the Information Technology, Communication Services (previously Telecommunication Services) and Consumer Discretionary sectors. Historical exposures have been updated for continuity.
See note 4, page 4. Numbers have been subject to rounding adjustments.
Source: Platinum Investment Management Limited.

Net Currency Exposures

CURRENCY	30 JUN 2019	31 MAR 2019	30 JUN 2018
US dollar (USD)	61%	61%	52%
Hong Kong dollar (HKD)	7%	9%	10%
Korean won (KRW)	8%	7%	6%
Japanese yen (JPY)	6%	6%	6%
Canadian dollar (CAD)	4%	3%	3%
Norwegian krone (NOK)	3%	3%	2%
Euro (EUR)	3%	3%	3%
Taiwan new dollar (TWD)	3%	3%	2%
British pound (GBP)	2%	2%	3%
Swedish krona (SEK)	1%	1%	2%
Swiss franc (CHF)	1%	1%	2%
Australian dollar (AUD)	2%	<1%	8%

See note 5, page 4. Numbers have been subject to rounding adjustments.
Source: Platinum Investment Management Limited.

and **Stamps** (internet-based mailing and shipping services). Our short positions have had a mixed contribution to performance during the year, yielding both significant wins and losses.

Outlook

As has been the case for some time, pockets of the technology industry are cheap, yet other areas have captured the market's imagination and are trading at full valuations. The portfolio positioning is balanced, with a net invested position of 76%, healthy cash position, and some modest short positions. We have largely avoided the hottest areas of the market, where we feel little margin of safety is being priced in, however we continue to find select opportunities, which we believe should yield positive results.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Alphabet Inc	US	Comm Services	6.0%
Facebook Inc	US	Comm Services	4.5%
Samsung Electronics	Korea	Info Technology	4.3%
Tencent Holdings	China	Comm Services	4.1%
Constellation Software	Canada	Info Technology	3.8%
Microchip Technology	US	Info Technology	3.1%
Samsung SDI Co	Korea	Info Technology	2.5%
Taiwan Semiconductor	Taiwan	Info Technology	2.5%
Cisco Systems Inc	US	Info Technology	2.5%
IHS Markit Ltd	US	Industrials	2.4%

As at 30 June 2019. See note 6, page 4.
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.

Notes

1. Fund returns are calculated using the net asset value (NAV) unit price (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 fees and costs, are pre-tax, and assume the reinvestment of distributions. Returns for P Class are net of any accrued investment performance fee.

   The MSCI Index returns are in Australian Dollars and are inclusive of net official dividends, but do not reflect fees or expenses. For the purpose of calculating the "since inception" returns of the MSCI Index, the inception date of C Class of the Fund is used. Where applicable, the gross MSCI Index was used prior to 31 December 1998 as the net MSCI Index did not exist then. Fund returns are provided by Platinum Investment Management Limited; MSCI index returns are sourced from FactSet.

   Platinum does not invest by reference to the weightings of the Index. 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. Index returns are provided as a reference only.

   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.

   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.
3. The geographic disposition of assets (i.e. the positions listed other than "cash" and "shorts") represents, as a percentage of the Fund's net asset value, the Fund's exposures to the relevant countries/regions through direct securities holdings and long derivatives of stocks and indices.
4. The table shows, as a percentage of the Fund's net asset value, the Fund's exposures to the relevant sectors through direct securities holdings as well as both long and short derivatives of stocks and indices. In the case of the Platinum Unhedged Fund, the Fund does not undertake any short-selling. Its net exposures are therefore the same as its long exposures.
5. The table shows the effective net currency exposures of the Fund's portfolio as a percentage of the Fund's net asset value, taking into account the Fund's currency exposures through securities holdings, cash, forwards, and derivatives. The table may not exhaustively list all of the Fund's currency exposures and may omit some minor exposures.
6. The table shows the Fund's top 10 long equity positions as a percentage of the Fund's net asset value, taking into account direct securities holdings and long stock derivatives. 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.

Disclaimers

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