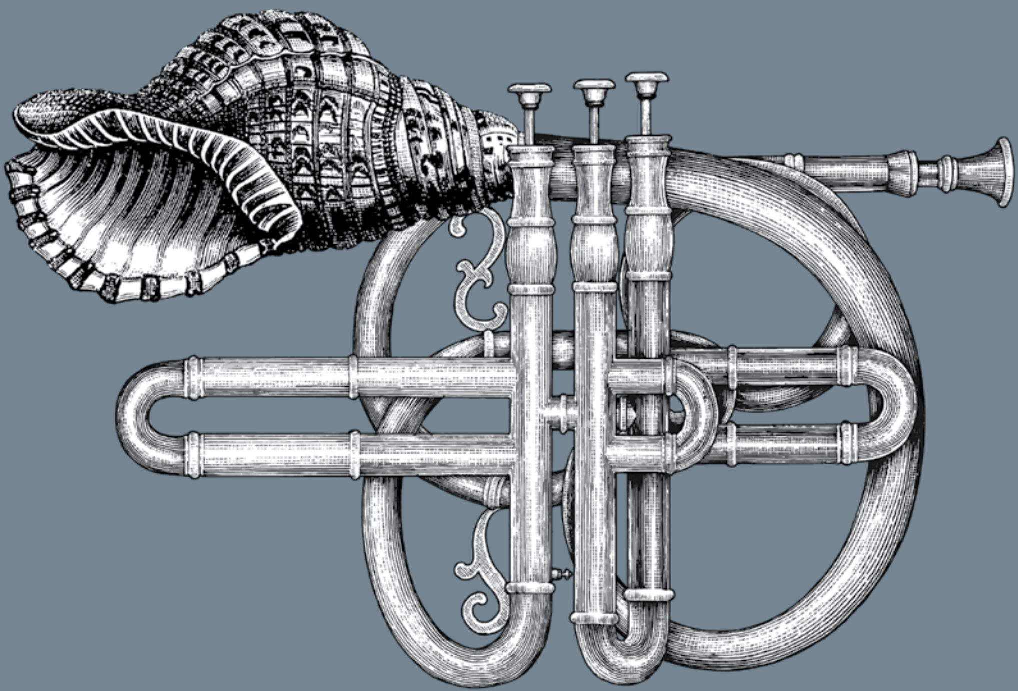
Platinum International Fund
Platinum Unhedged Fund
Platinum Asia Fund
Platinum European Fund
Platinum Japan Fund
Platinum International Brands Fund
Platinum International Health Care Fund
Platinum International Technology Fund

Platinum® ASSET MANAGEMENT

Quarterly Report

31 MARCH
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

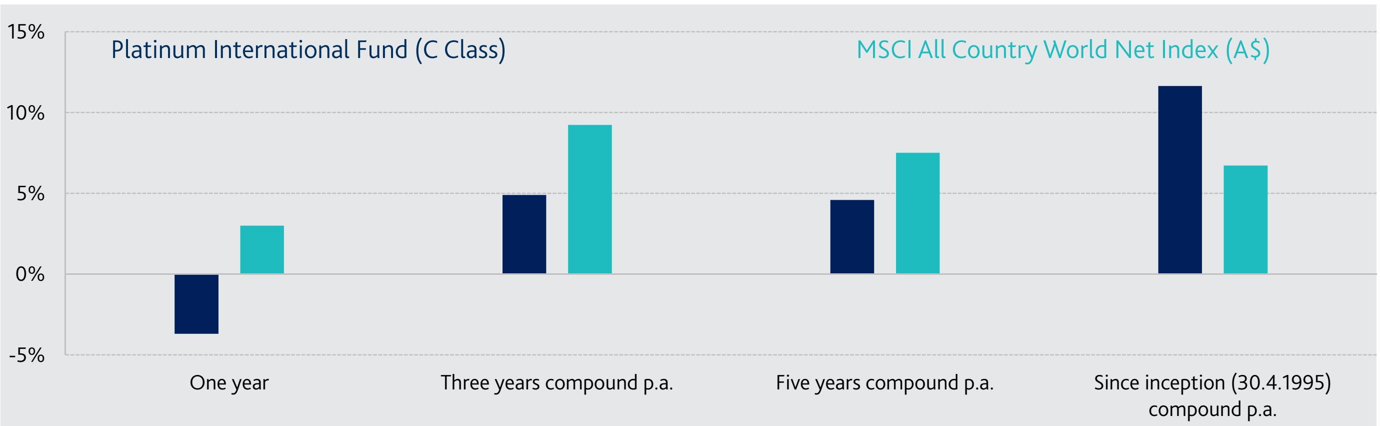
Performance Returns to 31 March 2020

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)	**8,472.8**	**-11.0%**	**-3.7%**	**-2.6%**	**4.9%**	**4.6%**	**11.6%**	**30 Apr 1995**
Platinum International Fund (P Class)	15.1	-11.0%	-3.4%	-2.4%	-	-	2.8%	3 Jul 2017
MSCI All Country World Net Index (A$)		-9.7%	3.0%	6.8%	9.2%	7.5%	6.7%	30 Apr 1995
Platinum Unhedged Fund (C Class)	**225.5**	**-18.4%**	**-10.3%**	**-5.1%**	**3.6%**	**5.0%**	**9.6%**	**28 Jan 2005**
Platinum Unhedged Fund (P Class)	1.9	-18.4%	-10.1%	-4.9%	-	-	1.3%	3 Jul 2017
MSCI All Country World Net Index (A$)		-9.7%	3.0%	6.8%	9.2%	7.5%	6.9%	28 Jan 2005
Platinum Asia Fund (C Class)	**4,172.5**	**-0.1%**	**6.7%**	**2.9%**	**10.1%**	**5.7%**	**13.9%**	**4 Mar 2003**
Platinum Asia Fund (P Class)	8.7	-0.2%	6.8%	3.1%	-	-	8.0%	3 Jul 2017
MSCI All Country Asia ex Japan Net Index (A$)		-6.3%	0.5%	1.4%	8.8%	5.9%	9.7%	4 Mar 2003
Platinum European Fund (C Class)	**557.5**	**-22.9%**	**-11.9%**	**-9.2%**	**2.0%**	**3.8%**	**10.3%**	**30 Jun 1998**
Platinum European Fund (P Class)	3.0	-22.9%	-11.7%	-8.7%	-	-	-1.5%	3 Jul 2017
MSCI All Country Europe Net Index (A$)		-13.6%	-2.2%	0.8%	5.0%	3.2%	2.7%	30 Jun 1998
Platinum Japan Fund (C Class)	**675.3**	**-7.3%**	**5.7%**	**0.1%**	**6.6%**	**7.2%**	**13.7%**	**30 Jun 1998**
Platinum Japan Fund (P Class)	3.3	-7.2%	6.0%	0.4%	-	-	5.1%	3 Jul 2017
MSCI Japan Net Index (A$)		-4.4%	8.3%	3.8%	8.6%	6.4%	3.0%	30 Jun 1998
Platinum International Brands Fund (C Class)	**501.0**	**-17.5%**	**-13.3%**	**-5.7%**	**4.1%**	**5.3%**	**11.2%**	**18 May 2000**
Platinum International Brands Fund (P Class)	1.7	-17.4%	-13.1%	-5.3%	-	-	0.9%	3 Jul 2017
MSCI All Country World Net Index (A$)		-9.7%	3.0%	6.8%	9.2%	7.5%	3.2%	18 May 2000
Platinum International Health Care Fund (C Class)	**295.1**	**3.3%**	**12.8%**	**14.6%**	**13.5%**	**11.0%**	**10.2%**	**10 Nov 2003**
Platinum International Health Care Fund (P Class)	4.9	3.4%	13.1%	14.8%	-	-	13.6%	3 Jul 2017
MSCI All Country World Health Care Net Index (A$)		1.8%	16.8%	18.3%	15.2%	8.7%	9.6%	10 Nov 2003
Platinum International Technology Fund (C Class)	**108.0**	**-3.1%**	**10.8%**	**7.3%**	**10.5%**	**8.6%**	**9.3%**	**18 May 2000**
Platinum International Technology Fund (P Class)	2.0	-3.1%	11.1%	7.6%	-	-	9.5%	3 Jul 2017
MSCI All Country World IT Net Index (A$)		-0.9%	23.9%	20.4%	23.1%	18.9%	2.3%	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 for MSCI index returns. See note 1, page 44.

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

To 31 March 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 for MSCI index returns. See note 1, page 44.

In Brief

Platinum International Fund

- The global economy and financial markets were upended in the last few weeks of the quarter as the coronavirus pandemic made its way across the globe. Stock markets collapsed in one of the fastest declines in history and debt markets are struggling under the possibility that companies that only weeks ago looked in good financial shape are now bankruptcy candidates.
- For Australian investors, the impact of the falls in global markets was substantially reduced due to the sharp fall in the Australian dollar (AUD). When the AUD plunged below 60 US cents, we hedged 10% of the Fund back into our local currency.
- There were wide variations of performance within the Fund. Our China portfolio, while still registering a decline, far outperformed the MSCI AC World Index. However, our energy-related investments performed poorly, reflecting a sharp fall in oil prices.
- Our short-term view is that markets are likely to return to the lows of March and possibly fall further as markets continue to grapple with the economic fall-out of the coronavirus pandemic. However, as new information comes to light each day, this view and position can change quickly.
- Our medium- to long-term view is dictated by the value that we see in the market and what's in the portfolio. We are finding significant opportunities to add to both new and existing ideas and are of the view that good returns can be earned over the next three to five years. One note of caution though, many market favourites of recent years have not seen the valuation adjustments we would expect given the increasingly uncertain environment.

Platinum Unhedged Fund

- The Fund's performance was disappointing in both an absolute and relative sense, especially given we increased cash and reduced exposure to cyclicals prior to the worst of the market collapse.
- Value has not provided any protection in this market sell down. Indeed, the expensive and loved sectors have fared much better. Major other areas of detraction were our energy exposure (TechnipFMC, Seven Generations, Transocean), financials (Raiffeisen Bank, Ally Financial, Axis Bank) and industrials (Applus, Minebea, Weichai Power).
- Gilead Sciences (+15%) who has a potential COVID-19 treatment in the form of their antiviral Remdesivir, and Moderna (+53%) who has a potential vaccine, were positive contributors to the Fund's performance.
- Most global markets have fallen sharply from their highs and the valuation difference between cyclicals and the much-loved defensive stocks is now at a record level. In the spirit of not letting perfection being the enemy of the good, we believe now is a good time to be buying stocks, with the full appreciation that given the economic disruption, markets could see lower levels in the coming months, providing better opportunities.

Platinum Asia Fund

- Actions taken to protect the portfolio during a highly volatile quarter helped the Fund's performance, with shorts on stock market indices and higher cash holdings generating strong returns over the period.
- The China portfolio performed relatively well (returning a flat return), with positive contributions from Microport and Kingsoft as their position and importance in the technology sector became apparent during the COVID-19 outbreak. Although pre-emptive actions to liquidate many South Asian exposures were taken, stocks in this region still detracted, including Vietnam Enterprise Investments, Ashok Leyland and Kasikornbank.
- Valuations in the Asian markets have become even more attractive. The fundamental drivers of economic development in Asia continue to be firmly entrenched in the region. It is impossible to know the duration of this biological upheaval, but market gyrations will present more opportunities as the situation changes. We will continue to seek out strong businesses with resilient characteristics that are cheap in absolute terms during this time of turmoil, while taking protective measures against market volatility.

Platinum European Fund

- The quarter began with a promising outlook for European equities but deteriorated rapidly with the spread of COVID-19. Concerned by developments in China and the complacency of European markets, we sought to protect the portfolio by selling index futures. This action was both appropriate and timely, but it merely blunted the impact. The Fund significantly underperformed the broader market in the subsequent carnage. We made two critical errors of judgement: closing our short positions too soon; and not selling the cyclical stocks we owned.
- Our worst-performing positions were our cyclicals, including banks (Bank of Ireland -65%, Raiffeisen Bank -40%), retailers (SMCP -59%), miners (Glencore -47%) and energy (TGS-NOPEC -56%, Saras -40%). Our best performing stocks were the healthcare names (BioNTech +72%, Qiagen +23%).

Platinum Japan Fund

- As the economic disruption from the SARS-CoV-2 virus spread across the globe, the market identified sectors such as medical equipment, teleworking, IT services, and e-commerce as potential beneficiaries, while projecting negative prospects for most consumer, manufacturing and cyclical industries.
- Nexon (+22%) and CyberAgent (+10%) both benefited from the prospect of increased leisure time at home. Toyota (-18%), Suzuki (-43%) and MinebeaMitsumi (-29%) saw diminished short-term prospects.
- Further central bank action will likely be required as the pandemic progresses. The current deflationary path could turn to monetary inflation as errors are made. Japan's stable social structure and proven historic ability to reinvent itself will be a relative benefit in this unsettling environment. The prospects for the Japanese stock market remain relatively attractive.

Platinum International Brands Fund

- Panic buying of food and household essentials coupled with the collapse in Treasury bond yields led to more resilient performance from the traditionally 'defensive' consumer staples stocks and food retailers. Unfortunately, we had limited exposure to these areas, viewing them as generally expensive and unattractive.
- Our positions in apparel and footwear brand owners and retailers (ASOS, SMCP, Kontoor Brands, American Eagle Outfitters and Foot Locker) suffered as the market capitalised the implied losses from enforced store closures and expressed fears of depressed demand. Our financial services investments were also impacted. Many of our core holdings were, however, relatively resilient in this downturn, including Tencent, Alibaba, Meituan Dianping and Japanese pharmacy chain, Ain.
- While we maintain a relatively low net invested position, it has been some time since we have been presented with so many attractive investment opportunities, consequently, we are putting capital to work and increasing the Fund's long exposure.

Platinum International Health Care Fund

- Several of our holdings are actively involved in developing diagnostic tests (Roche, Qiagen, SpeeDx), therapeutics (Gilead Sciences, Roche, Sanofi) and vaccines (Moderna, BioNTech, Sanofi, Johnson & Johnson, CanSino) for SARS-CoV-2. We have been invested in these companies for some time and they all made a positive contribution to the Fund's performance.
- The market will at some point look through the temporary challenges. We have been adding to many of our positions during the share price declines, focusing on those businesses with strong management, sophisticated science and technologies, solid balance sheets and innovative products. We also added new companies in the gene therapy space that we have always had an eye on but felt were too expensive and far too widely owned.

Platinum International Technology Fund

- January started with improving prospects for technology stocks, however, sentiment quickly deteriorated once the economic impact of COVID-19 became more apparent. The most affected holdings in the Fund were those exposed to international tourism (Booking Holdings -34%), online car sales and advertising (Carvana -40%, Bitauto -30%), and semiconductor companies, which are more dependent on automotive and industrial demand (Infineon -34%, Microchip -35%).
- Software names, Microsoft (flat return) and Constellation Software (+1%) were more resilient with their businesses considered to be more 'essential', while JD.com (+15%) benefited from a recovery in e-commerce transactions in China.
- As we navigate through this economic storm we rely as always on our specific knowledge of the companies we invest in and the robustness of their business models in the face of adverse conditions. We have constructed the portfolio accordingly and remain confident that we can weather the storm.

Business Update

by Andrew Clifford, Managing Director and Chief Investment Officer

Dear Investors and Advisers

We hope you and your families are taking good care of yourselves throughout this challenging time.

In response to COVID-19, most of Platinum's staff are working from home and all of Platinum's investment, investor services and business functions are operational.

The investment team is working effectively to evaluate the changes occurring in world economies and markets. Against this backdrop of uncertainty, and with consideration for Platinum's investment approach, our longer-term invested position is guided by the value that we can see in current stock prices. This quarterly report provides you with the latest commentary, portfolio positioning and outlook for each fund.

Please note, we are also posting regular updates on The Journal section of our website:

www.platinum.com.au/Insights-Tools/The-Journal/

We encourage you to visit this section for regular market updates and a range of thought-provoking articles and videos. You can also elect to subscribe to the updates.

With regard to investor services, we continue to process all valid and receipted transaction requests associated with the administration of our managed fund products. That said, postage services are facing disruption and deliveries are not as per the normal service and hence there can be delays in accepting instructions.

We therefore encourage investors to send instructions by either email (with an attachment) or otherwise by uploading documents via Platinum's secure client website. **It is important that you follow-up with a call to investor services (details below) to confirm receipt of any instruction.** Please note, we can only process a transaction if we have receipted and accepted the associated instruction.

Investor Services:

Telephone

1300 726 700 (toll-free Australia)

0800 700 726 (toll-free New Zealand)

+61 2 9255 7500 (if calling from overseas)

Email

invest@platinum.com.au

Please take care and stay safe.

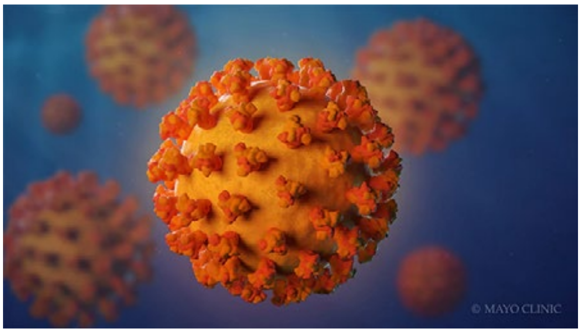
Andrew Clifford

Managing Director and Chief Investment Officer

COVID-19: Demystifying this Frightening Disease

by Dr Bianca Ogden, Portfolio Manager and Virologist*

The COVID-19 (coronavirus) pandemic has shaken the global population to its core. The personal toll is enormous, and the fear, immense. In this special feature I will explain what the virus is, what makes it unique and the progress that has been made in developing a treatment and vaccine. The collaboration between pharma, biotech and medtech companies, as well as researchers has been astounding and gives me great confidence that we will win this fight.



Source: Mayo Clinic

Within a very short period of time, the world has shifted its focus to a virus that measures roughly 50-200 nanometres[1]. Suddenly, we have all become familiar with scientific terms such as viral spread, PCR testing capacity, antibodies, viral shedding and many more. Economists have become epidemiologists hoping to model the outbreak, while we have also witnessed the limitations of many healthcare systems.

Viruses are a part of life. There are plant viruses, animal viruses and viruses that infect bacteria. Over time, outbreaks occur and can be devastating. Polio was an example of a seasonal, frightening viral epidemic in the 1940s and 1950s that was eventually eliminated by vaccination. There is no reason to believe that we will not be successful combating SARS-CoV-2, the new coronavirus.

SARS-CoV-2 is a member of the Coronaviridae family, a rather large clan with two subfamilies (Coronavirinae and Torovirinae) that can infect humans as well as animals. These subfamilies have several members and there are four coronaviruses that we have all most likely had exposure to. They cause mild symptoms, such as the common cold and require no diagnostic testing. However, occasionally we see a coronavirus that causes very unpleasant diseases, such as SARS (2002/2003), MERS (2012/2015) and now COVID-19.

This latest virus outbreak will change our view about this viral family, vaccination, pandemic preparedness and antiviral therapeutics. It is highly plausible that we may require vaccination against this culprit with additional booster shots annually. Given what we are seeing today, this new coronavirus is here to stay.

Viruses are simple but sophisticated creatures. They have an outer shell and sometimes an inner one as well. Inside, is the viral genome, often with some viral functional proteins attached to it. The outer shell tends to have family-specific characteristics that determine which and how the virus infects its host. Coronaviruses like respiratory and gastrointestinal tracts. So-called spike proteins that sit on the outer shell of the virus have a high affinity for proteins localised in our throat, lungs and gut. It is this outer shell that disintegrates when it contacts soap, hence the reason why washing our hands is so crucial. Similarly, we as the host, are crucial for the survival of the virus. Viruses cannot replicate by themselves, they need the host's 'machinery' to multiply. Viruses are masters at exploiting the host's machinery and they know how to adapt, so it is essential we deny them any opportunity to find another host by practising social distancing. Some viruses are very clever, they have worked out that causing mild disease is better as the host keeps socialising, which guarantees survival of the virus, while the

1 One nanometre is equal to one billionth of a metre.

* Dr Bianca Ogden, MBio (Tübingen), PhD (University College London), has been the portfolio manager for the Platinum International Health Care Fund since 2007 and leads the healthcare sector team. Molecular biology was Bianca's first love before she discovered the joys and challenges of investing. After spending some time at Swiss pharmaceuticals company Novartis researching new HIV drugs (one of which has been approved and is in use today), Bianca went on to complete a PhD at UCL, investigating Kaposi's sarcoma-associated herpesvirus. She then migrated to Australia and joined Johnson & Johnson as a molecular biologist, researching new drug targets in oncology. Bianca embarked on a career change and joined Platinum as an investment analyst in 2003. Her rich knowledge base in molecular biology and first-hand insights into the pharmaceutical and biotech industry give her a unique ability to delve deeply into the fundamentals of healthcare companies and identify those with a solid foundation in scientific research.

more aggressive (not so clever) viruses cause devastating diseases and hence eliminate themselves quickly. SARS-CoV-2 falls into the sophisticated category as it replicates in the upper respiratory tract (e.g. throat), causing mild symptoms vs. its cousin SARS-CoV that settles deep in the lungs. Transmission from the throat is much easier and hence requires drastic actions to slow it down and stop its spread. Scientists are closing in on this virus a lot faster than we have ever seen before.

What we learnt from HIV

Thanks to the advanced scientific tools we use today in the laboratory, we have been able to identify and study SARS-CoV-2 and its lifecycle at a rapid speed. It is worthwhile revisiting the AIDS/HIV epidemic in the 1980s to understand how far we have come. In 1981, the US Centres for Disease Control and Prevention (CDC) started to see patients with diseases that occurred due to a malfunctioning immune system. However, nobody knew what was causing this immune deficiency. A year later, the disease was called AIDS (Acquired Immune Deficiency Syndrome). In 1983, French scientists postulated that a retrovirus could be the cause of AIDS, which was confirmed by US scientists the following year. In 1985, the US Food and Drug Administration (FDA) approved the first commercial HIV blood test that detected antibodies in a patient's blood. A molecular test, similar to what is being used today to detect SARS-CoV-2, was only available for HIV in the mid-1990s. The first antiviral drug was approved in 1987. Compare this timetable to the current pandemic. Late last year, news emerged from China about a respiratory disease that did not test positive for any known respiratory pathogen. It quickly emerged that it was due to a new coronavirus. The genome of the virus was rapidly sequenced and distributed to scientists globally and molecular tests were established. Biotechs and pharmaceutical (pharma) companies quickly looked inside their drug cabinets for potential therapies as well as how their technologies could be applied to make specific drugs and vaccines for this new virus. It has been a phenomenal global effort. Currently, we are awaiting clinical trial data for the first repurposed antiviral therapy (Gilead Science's Remdesivir, which was originally developed to treat Ebola), while the first vaccine is also already being tested in humans. It may feel like a long time but it has only been months.

The virus itself is being studied intensely by several groups around the world. The spike proteins that make up the outer shell have been analysed and scientists have elucidated the structure of one of the viral functional proteins called protease, which is immensely important, as it will allow scientists to develop anti-protease inhibitors, which were crucial in treating HIV.

Scientists are simultaneously studying the immune system's response to the virus and have identified Interleukin-6 (IL-6) as a key mediator, hence Roche's IL-6 Antibody Actemra is being used to treat COVID-19 in some hospitals, while clinical trials are ongoing. Meanwhile, Sanofi/Regeneron's IL-6 antibody has also just entered clinical trials for COVID-19.

We know from previous viral outbreaks that patients who have recovered from a virus will have produced antibodies that neutralise the virus, so Japanese pharmaceutical company, Takeda has started collecting plasma from patients who have recovered from COVID-19 to give to patients currently suffering from the disease. CSL has recently joined Takeda to work together on such a plasma-derived product.

Regeneron, a US biotech, is using its antibody engineering capability to find antibodies that target the virus. Those antibodies should move into human testing later this year. Alnylam and Vir Biotechnology are working on a long-acting small interfering RNA (siRNA) therapeutics targeting the virus. Vir is also working on antibodies with GSK.

The ability to explore and investigate so many different drug modalities was not possible during other viral outbreaks as we did not have the technological capability.

Global collaboration

There has been a lot of debate about the lack of testing capacity, but overall, the scientific community, including biotechs, pharma and medtechs, have all shown great leadership in this pandemic. The collaboration and sheer speed in detecting the virus and developing a treatment have been unprecedented. Not that long ago, pharma and biotechs were in the political crossfire regarding high drug prices. In this pandemic, the industry has the opportunity to set the record straight and show their full capabilities. In years to come, this industry, along with the medical profession, will be viewed through a very different lens.

Vaccines, the holy grail to combat infectious diseases, are also experiencing immense activity by traditional vaccine companies and also by biotechs who use new transformative technologies, such as messenger ribonucleic acid (mRNA).

The concept of a vaccine is simple. A venture capitalist recently described it in the easiest possible way; likening a vaccine to sending a "wanted criminal dossier" to the immune system, that shows the immune cells what to look out for and prepare to capture the 'criminal'. Sometimes, the immune cells are able to see the picture of the criminal just once to ensure the immune cells can fight off the criminal, other times, they need to be reminded again i.e. get a booster.

The criminal dossier can come in different forms. It can be very detailed (a weakened form of the virus) or it may only have some very poignant features of the criminal (parts of the virus that are very immunogenic).

It takes time for laboratories to make a virus that replicates the criminal dossier. Firstly, scientists need to figure out how best to make it, or which part of the virus they should focus on. Manufacturing then has to be scaled up, which all requires a significant amount of money. The vaccine then needs to be tested at length and many millions/billions of dosages have to be manufactured. Today, four companies dominate the vaccine industry (GSK, Pfizer, Sanofi, Merck) with Australian company, CSL a distant fifth and Johnson & Johnson always keen to participate.

The potential long lead times and significant upfront costs have, however, not deterred Sanofi and Johnson & Johnson from applying their more traditional vaccine-making approach. Both companies are actively working on the criminal dossier and Johnson & Johnson is due to start trials later this year.

Platinum has followed the vaccine space for more than a decade and we have long hoped that technology advances would one day change the way vaccines are made. Using cell lines (where a permanently established cell culture multiplies indefinitely) has been one significant step along this path, but overall, the vaccine industry has remained a tight oligopoly.

In recent years, the potential to use mRNA as a therapeutic treatment and as a vaccine has emerged. We have been following the progress closely and invested in two companies in this space, Moderna and BioNTech, some time ago. The pandemic has placed mRNA and both companies firmly in the global spotlight. US-based Moderna was able to start clinical trials within 63 days of receiving the genomic sequence of the new virus. BioNTech has been slightly slower, but recently expanded its partnership with Pfizer and also entered a partnership with Chinese company, Fosun to develop its vaccine candidate. Curevac, another privately-owned German mRNA biotech backed by SAP co-founder Dietmar Hopp, is also busy developing a vaccine, while Sanofi recently expanded its alliance with biotech, Translate Bio.

Using mRNA for vaccine development is quite an elegant approach and Moderna and BioNTech have invested considerable effort in designing and selecting the best possible mRNA molecule for a respective protein of interest. It remains to be seen if it works, however, both companies have received support from the Bill and Melinda Gates Foundation and have large partners for various pipeline products. Some established vaccine makers are sceptical, but Moderna has been the first to take their mRNA to the clinic.

mRNA explained

mRNA is a molecule that functions naturally in our bodies as an intermediary between our genes and our proteins. It is the blueprint for our proteins and essentially a copy of the gene encoding the protein. If designed and delivered correctly, cells will recognise the mRNA and start making the protein. For vaccines and therapeutics alike, the mRNA can be quickly designed (by the right team of scientists) in the lab once the scientists know which is the correct viral particle to make. Usually, several mRNAs are made and scientists quickly assess which one is the most suitable. Manufacturing these chemical molecules (or information molecules, as Moderna calls them) can be done with a much smaller manufacturing footprint and also at a fraction of the cost of making traditional vaccines or protein therapeutics, as it is not a protein, it is the information to make the end product. In the end, the 'active' product, the vaccine or the therapeutic protein, is made by the person who receives the mRNA injection. Humans essentially function as the manufacturing site for the mRNA vaccine.

We are convinced that these multiple vaccine efforts (traditional and modern) will result in a product, potentially as a first-generation product that will give companies time to refine their efforts and develop the next generation of longer-lasting vaccines.

A global logistical exercise

Apart from the scientific approach that is being undertaken to combat the virus, this pandemic is also witnessing large-scale crisis planning and management in different countries.

Molecular testing has been a key pillar in managing the viral spread. It is clear, however, that the supply of these tests cannot fulfil demand. Each country has taken slightly different approaches to testing. Some countries are actively looking for asymptomatic infected individuals, while others are struggling to keep on top of the symptomatic patients. Testing guidelines will undoubtedly change over time and serological testing, whereby a test determines antiviral antibodies in a patient's blood, will complement molecular testing in the future.

In a pandemic, facts determine your management plan and as the facts change so should the plan. Many people worry when plans change, but in the crisis we are experiencing today, it is paramount that countries adjust their plans to address the changing dynamics.

Our knowledge of the SARS-CoV-2 virus and the COVID-19 disease has rapidly grown and changed as physicians in different countries gained first-hand experience. Throughout this pandemic we have drawn on a number of sources, including the New England Journal of Medicine (NJEM), a weekly medical journal published by the Massachusetts Medical Society, Dr Anthony Fauci, one of the lead members of the White House Coronavirus Task Force in the US, the German federal government agency and research institute, Robert Koch Institute, along with a German virologist Professor Drosten (coronavirus specialist) and several of his colleagues.

These learnings and the exchange of these experiences is vital to form response plans. One of the key learnings in recent months has been the fact that this coronavirus can spread very quickly. This is due to its preference for residing in the upper respiratory tract, as highlighted above. This means it often causes milder symptoms that can go undetected. The biggest challenge is to break this rapid spread and protect vulnerable individuals. In an ideal world, everyone would be tested. A swab kit would arrive in your mailbox (similar to the bowel cancer test kit), you would take a swab, it would be collected by a courier and the results emailed to you in a matter of hours. What would be even better though, would be a molecular test that people can do themselves at home. This would quickly identify who is infected and who needs to self-isolate. Unfortunately, these tests are not available to us today, so the next best option is what is currently being practised in many countries: quarantine, social distancing, drive-through testing facilities, and tracing potential infections proactively. Sophisticated point-of-care testing that could be done at home or at the local medical centre is emerging rapidly, with companies such as Roche, Qiagen (soon to be part of Thermo Fisher) and Cepheid (now part of Danaher), key players developing this technology.

At the core of this pandemic, due to the rapid spread of the virus, is the ICU capacity of hospitals. In the current phase of the pandemic, the focus hence needs to be on ensuring we have enough ICU beds and ventilators. Globally, we are seeing different ICU capacities and thankfully we are seeing a move to central ICU bed co-ordination. Germany, for example, is moving to real-time monitoring of its ICU beds as well as transporting patients from neighbouring countries. All hospitals have to work together, which has been a challenge, particularly in the US. We have learned from Italy's experience that it is important to have COVID-19 treatment centres protecting non-COVID-19 patients. This pandemic is as much a logistical and planning exercise as it is a scientific endeavour. It will highlight very quickly the shortcomings of our healthcare system along with our past desire to be as supply chain efficient as possible.

However, there will be a next phase to this pandemic, and that will be when we start to return to our offices and gradually begin to socialise again.

During the next phase it will be about recovered patients and keeping on top of regional outbreaks and next-generation diagnostic tests that identify antibodies to the virus. Many of these tests are currently receiving media coverage, however, I would caution that these tests are not yet ready to be used widely. The potential for false negatives is not a risk we want to take currently; it takes days to develop antibodies and hence molecular tests remain the best approach to detect an infection early.

However, the presence of anti-SARS-CoV-2 antibodies in the blood means the person has been infected sometime in the past and hence are now regarded as being immune, which will be important when we are ready to return to work. In Germany, for example, the debate is currently about issuing "immunity certificates" for those who show positive antibody titres in their blood. It is still unclear, however, how long this immunity will last. In the months to come, detection of the virus and our immunity will remain paramount until we have therapeutic options and a vaccine.

At Platinum, we have long believed that diagnostic tests will become a key pillar of healthcare, be that in oncology, inflammatory diseases or infectious diseases. The aim in healthcare should be prevention, which requires tools to detect changes in our body early with precision. This is the same with the current virus, if we can detect it quickly, we can prevent it spreading. This pandemic challenge has placed the healthcare industry squarely in people's minds. It has shown how limited our arsenal of antiviral therapies is and highlighted how our approach to vaccine development has to be overhauled. In the world we are living today, with all the digital factory technology that is available, manufacturing vaccines strikes us as 'old style'. Given we have seen several coronavirus outbreaks in the last 18 years, it is more likely than not, that this coronavirus family will continue to cause us harm and hence having a vaccine, or possibly an annual coronavirus vaccination booster would be worthwhile investing in. We are firm believers that current events will change healthcare systems and most importantly, will highlight what a vital role biotechs play today.

The biotech industry is relentless in its search for new technologies and new therapeutics. Bankruptcies are rare and failure does not demotivate them, to the contrary, it motivates them.

For now, as Germany's chancellor Angela Merkel recently said, the best therapy we have for SARS-CoV-2 is to stay at home.

Macro Overview

by Andrew Clifford, Chief Investment Officer

Global health crisis takes unprecedented personal, economic and market toll

The global economic environment and financial markets were upended in the last few weeks of the quarter as the coronavirus (COVID-19) pandemic made its way across the globe. The headlines clearly tell the story. As governments sought to contain the spread of the virus, there have been mass closures of businesses, resulting in unheard of jumps in unemployment. Stock markets collapsed in one of the fastest declines in history and debt markets are struggling under the possibility that companies that only weeks ago looked in good financial shape are now bankruptcy candidates.

Governments the world over have responded with fiscal and monetary stimulus of a scale never previously seen. The situation is unprecedented in economic and financial market history. There are no simple answers as investors attempt to navigate the situation. Below is a broad outline of our current thinking on how we see the economic situation unfolding and the response of financial markets.

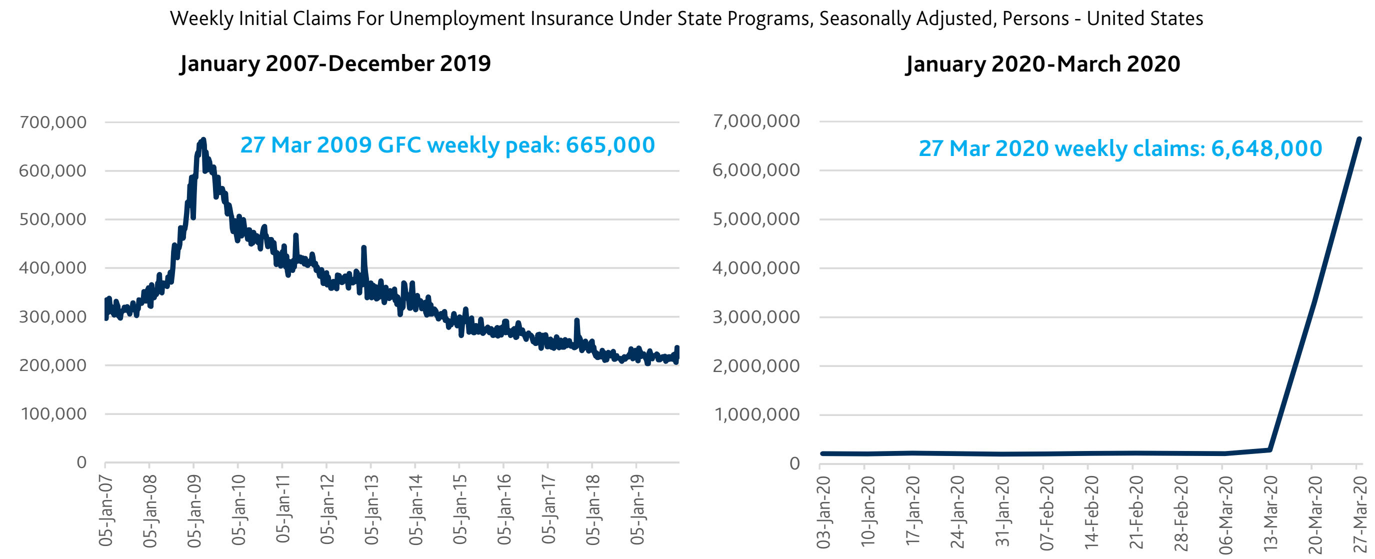
The Economy

In order to have a view on where economic activity may track from here, we need to address the nature of this economic collapse. We are all used to the economy being defined by sets of numbers such as interest rates, inflation, employment, retail sales, government spending, trade deficits and surpluses and the like. While these are all useful indicators of what has happened, viewing the economy through the lens of such data tends to make us think of the economy in an abstract manner.

The economy is real. People get out of bed everyday and go to work or at least go looking for work. Once at work, we use the computer in an office, the machinery in a factory, or the intellectual property in a research laboratory. In doing our work we have access to natural resources, whether that is simply the land on which the office or factory sits, the ore taken out of the ground at a mine site, or water and soil in agricultural activities. Economists refer to these elements of the economy as labour, capital, and land, and are collectively referred to as the "factors of production". The goods and services produced using the factors of production are our income and the sum total is referred to as gross domestic product (or GDP). These factors of production and the goods and services produced are the **real economy.**

Governments around the world have reacted to COVID-19 with a wide variety of containment measures to slow down the spread of the disease. In nearly every case, the result of these measures has been to limit the ability of people to go

Fig. 1: **Rise in Weekly US Jobless Claims Demonstrates Collapse in Economic Activity**



Source: FactSet

to work and spend money (e.g. at bars, restaurants, travelling), thus removing the opportunity for work in these industries. It is this restriction on the economy's key factor of production, labour, that has resulted in the collapse of activity. Of course, without labour, much of the other factors of production go to waste as well. This collapse is nowhere better demonstrated than in the United States, where initial unemployment claims spiked to 3.3 million in a single week in March (up almost 12-fold from the previous week). They then jumped a further 6.6 million the following week (see Fig. 1), which is almost 10 times the previous record set during the global financial crisis (GFC).

The key point to be taken from all of this, is simply that, **economic activity will stop falling and start to recover when people can return to work**. Exactly when containment strategies can be wound back is unknown at this stage. There is much attention on China as a roadmap and recently Wuhan (the epicentre of the outbreak) has started to re-open a little over two months after the initial lockdown of the city. There is considerable uncertainty about whether this timeframe will be representative for the rest of the world and indeed, what will happen in Wuhan as freedom of movement returns. However, at this point in time, the data from the rest of China suggests reasons to be optimistic that we will be able to slowly get back to work once the spread of the virus has been controlled.

Once we can all get back to work, the productive capacity of the economy, as represented by the factors of production, will be largely undiminished and in theory, economic activity should quickly regain much of what has been lost. In practical terms though, many businesses that have been closed may never return, simply because they were marginal in the first instance, or as a result of bankruptcy. While the closure of these businesses will release resources that can be used in other activity, this takes time.

How quickly will activity return to prior levels? Looking to history, probably the most appropriate period for comparison is the GFC. During the GFC, the breakdown in the financial system saw business activity stifled due to a lack of funding, and similarly to today, resulted in a period of time where the productive capacity of economies could not be put to use. There was also a dramatic fall in activity, though not as rapid as we have experienced in recent weeks. After the major economies peaked in early 2008, it took the US economy just over three years to return to this level, Japan took five years, and Europe took seven years. Of course, this crisis has a different cause, and we still do not have a clear sense of the depth or length of the economic decline. All that can be stated with any confidence really, is that while the rebuilding will start the day we get back to work, it will take some time before we can recover to the previous highs in economic activity.

There is also the issue of government responses to the crisis. These vary significantly across countries, but generally the various fiscal and monetary policies that have been enacted can be grouped into two categories. Many countries have created lending facilities for companies that are struggling to finance their ongoing operations. Typically, the central bank is either directly offering funds to businesses, or indirectly via the banking system, often at concessional interest rates. These policies are aimed at ensuring companies do not fail as a result of not being able to access funds due to the short-term freeze in debt markets and banks trying to protect their positions. The goal of governments is to ensure people have jobs to go back to when we are through this period of containment. There has also been large-scale buying of financial instruments by central banks, which has played a similar role in ensuring that financial markets continue to remain open and able to provide funding to companies. The second key area of focus has been the provision of funding to individuals who have lost their jobs or have been temporarily laid off. The large percentage of workers who have lost employment are from relatively low-income roles in the tourism, retail, and other service industries, and typically have little room within their finances to sustain themselves through a period of unemployment. Payments to those impacted will ensure they can afford their weekly grocery bill and await the chance to search for work at a later point in time.

What is important to understand about these policies is that they achieve very little in the way of new activity. Simply, going back to first principles, if people can't work for whatever reason, economic activity will remain suppressed. It helps that a newly unemployed individual can afford the weekly grocery bill, but in the scheme of the broader loss of activity, this is marginal. The various policies ultimately aim to remove the worst-case outcomes from the economic collapse and they effectively do this by redistributing the burden of the crisis from those who are initially impacted (such as those who lose their jobs), across the broader community. While governments can spend money, they are not a source of economic activity. When they spend, they do this either by raising funds through taxation, borrowing money from the private sector (which then has to be paid for from future taxation receipts) or by printing money. The burden of today's spending measures by governments will either be funded from taxation (today or in the future) or through a loss of value in money or cash (i.e. inflation). It is not to say that these policies are not necessary. It is just to state that these are the mechanisms by which the burden is spread more broadly across all in society.

Fig. 2: Market Declines from 2020 Highs to Lows

COUNTRY	INDEX	2020 HIGH	2020 LOW	DECLINE HIGH TO LOW
USA	Russell 2000	17 January	18 March	-44%
Germany	DAX	17 February	16 March	-40%
Australia	ASX 200	20 February	23 March	-39%
USA	S&P 500	19 February	23 March	-35%
USA	Nasdaq	19 February	23 March	-33%
Japan	Topix	20 January	17 March	-31%
China	Hang Seng China Enterprises Index	20 January	19 March	-28%
China	Shanghai Composite	14 January	19 March	-15%

Source: FactSet. Returns are in local currency.
Historical performance is not a reliable indicator of future performance.

Once we do come out the other side of this crisis, it is likely that consumer and business confidence will recover slowly, especially in the light of the damage to household and corporate balance sheets. Additional government spending is likely to remain a feature of the environment, as governments attempt to fill the spending gap left by the private sector. At this point, such spending will aid in creating economic activity as it helps create employment. The future economy may potentially look quite different, as some industries may simply not recover and the growth path of others, such as e-commerce, information technology, renewal energy and healthcare, will be reinforced by today's events. Government spending on infrastructure, not just on the typical 'roads and bridges', but healthcare and efforts to decarbonise economies, seem likely. There will potentially be interesting challenges around the future funding of government initiatives given the deterioration in national balance sheets resulting from current policy initiatives.

In Summary:

- The current economic shock is a result of large numbers of people being unable to work as a result of the strategies to contain COVID-19. There can be no economic recovery until people can get back to work.
- Current government initiatives around the world will prevent worst-case economic outcomes and help share the costs of the downturn across society. Government policies will have little impact in creating activity until we start to move beyond containment strategies.
- Ultimately, a recovery in the economy will take hold, though it will take time to recover to 2019 levels and this may vary dramatically by country. Further, the make-up of our economies may be very different in the recovery period, compared with that of 2019.

The Markets

The response of stock markets to the unfolding pandemic has been swift, recording some of the largest and fastest declines on record. From peak levels in markets during the first weeks of 2020 to their lows in the second half of March, markets fell between 31% to 44% in local currency terms (see Fig. 2). The exception was China, which had already been in a protracted bear market for some time.

These are very significant adjustments by any standards, other than against the most significant bear markets in history. For reference, during the GFC the S&P 500 Index fell 57% from its peak in 2007 to its trough in early 2009, Germany fell 54%, Japan 61% and Australia 54%.[1] The comparison with the GFC is interesting, as the decline in economic activity in the current downturn has been far swifter. However, if the rest of the world follows the experience of Wuhan and is able to release the lockdowns after two to three months, the base in economic activity is likely to be reached relatively quickly.

As discussed above, the recovery in economic activity will begin when people can go back to work, though a full recovery will take time. However, markets will anticipate the full recovery well ahead of its actual occurrence. Post the GFC, stock markets rallied strongly in subsequent years, well ahead of the full economic recovery. Ultimately, the market is likely to reach its low at the point of greatest uncertainty. Potentially, we have already seen that occur as the major monetary and fiscal initiatives that were announced by governments at the end of March did reduce some of the worst-case scenarios as discussed earlier. On the other hand, there were rallies in markets of the order of 20% on two

1 All index and market returns in this Macro Overview are in local currency terms and sourced from FactSet unless otherwise specified.

occasions in the latter months of 2008, only for the market to falter and fall to new lows.

There remain many unanswered questions at this point. Besides the length of the lockdowns occurring around the world, the quantum of the economic loss is far from clear. Additionally, the impact of the slowdown on company profits is not linear. Companies with high fixed overheads will incur significant losses and will need to either take on debt or issue equity to survive. Others may find profits suppressed for a number of years if revenues remain subdued. Probably of greatest concern is what appears to be a highly disorganised response in the US, the world's largest economy.

Our view at the time of writing, is that markets will likely return to their recent lows and possibly fall further. It is likely that this will occur relatively quickly as many of the uncertainties outlined above will start to be better understood with each passing day. Our position may change quickly. Ultimately, what will guide our longer-term position is the value that we can see in current stock prices. We do this by taking a view on the earnings power of companies three to five years in the future, based on our assessment of their business prospects. We will adjust valuations for losses that we expect them to accrue during the worst of the downturn. We will assume a reasonable rebound in future economic activity in aggregate, but will not expect this to play out evenly across all industries. On this front, we have a mixed view. There are many extremely attractively priced companies, particularly in cyclical areas and those areas directly impacted, such as travel. On the other hand, many market darlings of recent years, while having been sold off, have continued to perform better than the broad market and remain expensive.

MSCI Regional Index Net Returns to 31.3.2020 (USD)

REGION	QUARTER	1 YEAR
All Country World	**-21.4%**	**-11.3%**
Developed Markets	**-21.1%**	**-10.4%**
Emerging Markets	**-23.6%**	**-17.7%**
United States	**-19.8%**	**-7.7%**
Europe	**-24.8%**	**-15.7%**
Germany	-27.0%	-17.5%
France	-27.6%	-17.7%
United Kingdom	-28.8%	-23.0%
Italy	-29.3%	-21.4%
Spain	-29.8%	-26.5%
Russia	-36.4%	-14.4%
Japan	**-16.8%**	**-6.7%**
Asia ex-Japan	**-18.4%**	**-13.4%**
China	-10.2%	-5.8%
Hong Kong	-17.3%	-21.1%
Korea	-22.4%	-16.8%
India	-31.1%	-30.9%
Australia	-33.2%	-26.3%
Brazil	-50.2%	-41.9%

Source: FactSet.
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 31.3.2020 (USD)

SECTOR	QUARTER	1 YEAR
Energy	-43.9%	-44.6%
Financials	-31.7%	-22.2%
Materials	-27.2%	-21.3%
Industrials	-26.3%	-18.0%
Consumer Discretionary	-21.3%	-11.2%
Communication Services	-16.2%	-6.1%
Utilities	-15.0%	-6.0%
Consumer Staples	-13.9%	-6.0%
Information Technology	-13.7%	6.7%
Health Care	-11.4%	0.6%

Source: FactSet.
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

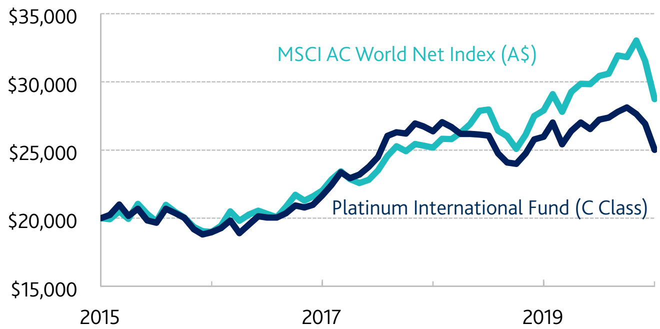
(compound p.a.⁺, to 31 March 2020)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Fund*	-11%	-4%	5%	5%	12%
MSCI AC World Index^	-10%	3%	9%	8%	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.
Historical performance is not a reliable indicator of future performance.
See note 1, page 44. Numerical figures have been subject to rounding..

Value of $20,000 Invested Over Five Years

31 March 2015 to 31 March 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.
See notes 1 & 2, page 44.

While the spread of the coronavirus pandemic across the globe and its impact on markets dominated the second half of the March quarter, what has now been long forgotten is the manner in which markets started 2020 versus the last six weeks of the quarter. The performance of the Fund within these two periods is worth noting, as it reflects the positioning of the portfolio both coming into the New Year and throughout the quarter.

1 January 2020 to 20 February 2020

In the first eight weeks of the New Year through to the peak on 20 February, markets forged ahead with the global index[1] rising 8.4% in Australian dollar (AUD) terms in this short period of time. The market's performance during this time was once again the result of 'growth' stocks being propelled to ever-more extravagant valuations. At the start of the period, the net invested position of the portfolio was 84%. As has been discussed in past reports, over the last two years as investors faced ever-lower interest rates, they found themselves forced into equity markets to seek returns at a time of great uncertainty (China's slowdown, trade war, Brexit). As a result, investors sought investments that are immune to these concerns and focused on high-growth stocks and defensive businesses, driving their valuations even higher, while avoiding stocks that face any degree of uncertainty. As you may know, our view is that the best long-term returns can be found in those areas that others are avoiding. As such, we have migrated the portfolio away from growth stocks towards areas that have been impacted by China's slowdown and the trade war, such as domestically focused Chinese businesses and semiconductors.

As a result of this positioning, the Fund continued to lag the performance of the broader market in the final weeks of the market's rapid ascent. In our market update on 29 January[2], we explained that in response to the outbreak of the coronavirus disease (COVID-19) in Wuhan and the lockdown of the city, we reduced the net invested position of the portfolio by selling or trimming our strongest performing holdings and adding to short positions. This acted as a further

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

2 https://www.platinum.com.au/Insights-Tools/The-Journal/Update-re-coronavirus

drag on performance in the run up to market's peak. The performance of the Fund (C Class) in the first eight weeks of the year to 20 February was 1.5%.[3]

21 February 2020 to 31 March 2020

As the gravity of the economic impact of COVID-19 and the lockdowns started to be better understood, markets subsequently collapsed 17% in the remaining weeks of the quarter. As markets fell away, the Fund's lower net invested position (which through this period varied between 85% and 55%) helped reduce the downside in performance. In these last weeks of the quarter from 21 February to 31 March, the Fund fell 12.3%, outperforming the market over this period.

1 January 2020 to 31 March 2020

The net result of both periods was a return of -11.0% for the Fund for the quarter relative to -9.7% for the broad market. For Australian investors, the impact of the falls in global markets were substantially reduced due to the 9% fall in the value of the AUD against the world's major currencies.[4] Within the Fund, there were wide variations of performance within the portfolio. Interestingly, our China portfolio, while still registering a decline, far outperformed the MSCI AC World Index (returning -3.7% in AUD terms). This can probably be attributed to the fact that China has been in a prolonged bear market and that as a result of a rapid lockdown of Wuhan, may end up having less economic damage than the rest of the world. On the other side of the ledger, our energy-related investments performed poorly, reflecting a sharp fall in oil prices. Excess supply concerns, due to a price war between Saudi Arabia and Russia over a disagreement on production cuts, together with weak demand due to the impact of coronavirus on economic growth, saw oil prices plummet 67% to an 18-year low of US$20.10 over the quarter.[5]

While equity markets may have found their lows, as we discuss in our Macro Overview, our view is that markets are likely to return to their recent lows and potentially fall further. Either way, we remain in the early days of this economic crisis. At this point, it is important to remember that for investors to attain good long-term performance from equity markets, one must not only avoid the downside from the crises that we live through, but also take advantage of the opportunities they present. In this context, it is important to consider the changes made to the portfolio at the individual stock level, as outlined below.

3 References to returns and performance contributions (excluding individual stock returns) in this Platinum International Fund report are in AUD terms. Individual stock returns are quoted in local currency terms.

4 Trade Weighted Index. Source: FactSet.

5 Crude Oil WTI, US$. Source: FactSet.

Changes to the Portfolio

The portfolio's net invested position was reduced over the quarter from 84% to 60%. Cash holdings were increased from 7% to 16%, and short positions were increased from 9% to 24%. Of these short positions, 10% were held in index futures and the balance across a broad range of individual stocks.

This broad outline misses more significant changes that occurred within the portfolio to take advantage of the collapse in stock prices of so many companies. In aggregate, over the quarter 19% of our holdings were sold out or reduced, predominantly ones that had performed well for the Fund. These included exiting the positions in **Meituan Dianping** (China, food delivery), **ICICI** (Indian bank) and **Kweichow Moutai** (China, White Spirits) and trimming positions in **Yanghe Brewery**, **Samsung Electronics**,

Disposition of Assets

REGION	31 MAR 2020	31 DEC 2019	31 MAR 2019
Asia	29%	34%	36%
North America	27%	28%	22%
Europe	15%	17%	18%
Japan	12%	13%	7%
South America	0%	1%	0%
Cash	16%	7%	16%
Shorts	-24%	-9%	-10%

See note 3, page 44. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	31 MAR 2020	31 DEC 2019	31 MAR 2019
Information Technology	13%	14%	8%
Industrials	12%	13%	10%
Financials	11%	16%	16%
Health Care	9%	7%	2%
Communication Services	8%	12%	14%
Consumer Discretionary	8%	5%	5%
Materials	6%	10%	10%
Real Estate	2%	3%	3%
Energy	2%	5%	6%
Utilities	0%	0%	0%
Consumer Staples	-3%	0%	1%
Other*	-10%	0%	-2%
TOTAL NET EXPOSURE	60%	84%	73%

* Includes index shorts and other positions.
See note 4, page 44. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Micron, **Intel**, **Facebook**, **Alphabet**, **Tencent**, **Ping An Insurance** and **Bharti Airtel.** Over 5% of the Fund was then invested in new holdings, with a focus on biotech, healthcare, and travel-related businesses. An additional 5% was invested in existing holdings that had fallen heavily, including companies such as Samsung Electronics and Micron that had previously been trimmed. The investment team is uncovering numerous new acquisition ideas and conducting reviews of existing positions in light of changed circumstances. We expect to deploy additional funds into both new and existing ideas in the weeks ahead.

We also made significant changes to the Fund's currency position. When the AUD plunged below 60 US cents, we hedged 10% of the Fund back into our local currency. Like all countries, Australia is facing challenges due to the collapse of service industries, but our close economic alignment with China is likely to be beneficial once again as we move into the recovery phase. Further, we increased our exposure to the euro from 9% to 19%, as the quantum of the stimulus measures in the United States are likely to place downward pressure on the US dollar. We also reduced our Chinese yuan (CNH) hedge by 6% as the country slowly navigates its way out of the lockdowns. The goal of these moves is to diversify the currency exposure away from the US economy, which is currently struggling to put in place a coherent response to the health crisis.

Outlook

Our short-term view is that markets are likely to return to the lows of March and possibly fall further as markets continue to grapple with the economic fall-out of the coronavirus pandemic. This view is clearly reflected in the net invested position of the portfolio at the end of the quarter. However, please note that as new information comes to light each day, this view and position can change quickly.

Our medium- to long-term view is dictated by the value that we see in the market and what we have in the portfolio. We are finding significant opportunities to add to both new and existing ideas as discussed above and as such, are of the view that good returns can be earned over the next three to five years. One note of caution though, many market favourites of recent years have not seen the valuation adjustments we would expect given the increasingly uncertain environment.

Net Currency Exposures

CURRENCY	31 MAR 2020	31 DEC 2019	31 MAR 2019
US dollar (USD)	27%	45%	42%
Japanese yen (JPY)	22%	19%	15%
Euro (EUR)	19%	9%	11%
Hong Kong dollar (HKD)	11%	13%	14%
Australian dollar (AUD)	10%	0%	0%
Korean won (KRW)	6%	6%	5%
Chinese yuan (CNY)	4%	6%	8%
British pound (GBP)	3%	4%	4%
Indian rupee (INR)	2%	4%	6%
Canadian dollar (CAD)	2%	3%	3%
Swiss franc (CHF)	2%	1%	2%
Norwegian krone (NOK)	1%	1%	3%
Thai baht (THB)	0%	0%	1%
Danish krone (DKK)	0%	1%	1%
Brazilian real (BRL)	0%	1%	0%
Chinese yuan offshore (CNH)	-9%	-15%	-15%

See note 5, page 44. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Samsung Electronics Co Ltd	Korea	Info Technology	3.8%
ZTO Express Inc ADR	China	Industrials	3.3%
Ping An Insurance	China	Financials	2.9%
Alphabet Inc	US	Comm Services	2.8%
Facebook Inc	US	Comm Services	2.6%
Micron Technology	US	Info Technology	2.4%
Skyworks Solutions	US	Info Technology	2.4%
Takeda Pharma Co	Japan	Health Care	2.3%
China Overseas Land & Inv	China	Real Estate	2.2%
Sanofi SA	France	Health Care	2.2%

As at 31 March 2020. See note 6, page 44.
Source: Platinum Investment Management Limited.

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

Platinum Unhedged Fund

Clay Smolinski
Portfolio Manager

Performance

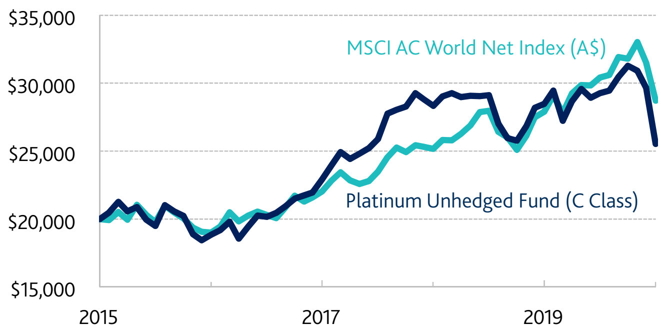
(compound p.a.+, to 31 March 2020)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Unhedged Fund*	-18%	-10%	4%	5%	10%
MSCI AC World Index^	-10%	3%	9%	8%	7%

+ Excludes quarterly returns
* C Class – standard fee option. Inception date: 28 January 2005.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI All Country World Net Index in AUD.
Source: Platinum Investment Management Limited, FactSet.
Historical performance is not a reliable indicator of future performance.
See note 1, page 44. Numerical figures have been subject to rounding..

Value of $20,000 Invested Over Five Years

31 March 2015 to 31 March 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.
See notes 1 & 2, page 44.

The Fund (C Class) fell 18.4%[1] over the quarter, which was a disappointing outcome in both an absolute and relative sense. This outcome can be viewed in stages:

- **1 January - 20 February (pre the market collapse):** The MSCI AC World Index rose 8.4% over this period, driven by a final surge in the US market and 'hot' technology stocks[2]. The Fund, which had a relatively low holding in these areas, rose 3.6% over this period.
- **21 February - 31 March (post the market collapse):** The Fund did not fare any better than the broad market, returning -21% vs. the Index return of -17%.

The performance during the collapse is especially disappointing, given that between 24 February and 6 March (prior to the worst of the market falls) we:

- Increased the cash holdings of the Fund to 18%.
- Reduced our exposure to cyclicals in the Fund by 12%.

The simple observation is that value has not provided any protection in this market sell down. Indeed, it has been the expensive and loved sectors that have fared much better. Stocks on multiples of 8x earnings leading into the crisis have been sold down to 5x earnings, while even seemingly defensive pharmaceutical businesses, such as Takeda Pharmaceutical (Japan) and Bayer (Germany) have seen their prices fall 24% and 27% respectively over the quarter and now trade on earnings multiples of 9x and 7x respectively.[3]

Another illustration is our holding in Applus Services. Applus is essentially an auditor, performing regulatory mandated testing and inspection for the oil & gas, infrastructure and automotive industries. The vast bulk of this testing is for in-service assets (i.e. pipelines or power grids) or is integral to their customers' business (Applus provides regulatory approval for new car models at their test track in Barcelona). While there will be disruptions in the short term, activity in this area will almost certainly return. Despite having no debt

1 References to returns and performance contributions (excluding individual stock returns) in this Platinum Unhedged Fund report are in AUD terms.

2 For example, the Nasdaq Composite and S&P 500 Index rose 16% and 12% respectively over that period, while the MSCI ex US Index (a proxy for the rest of the world) rose 4.6%. Returns are in AUD terms. Source: FactSet.

3 All individual stock returns are in local currency and price-to-earnings (P/E) multiples are trailing. Source: FactSet.

repayments until 2024, €500m of liquidity at its disposal and a flexible cost base (mostly labour), Applus has seen its share price fall 49% in recent weeks and now trades on 5x earnings.

Outside of the above, the major areas of detraction for the Fund and their cost to overall returns were:

- All **energy** exposure (TechnipFMC, Seven Generations, Transocean), which detracted -5.0% from performance.
- **Financials** (Raiffeisen Bank, Ally Financial, Axis Bank), -4.8%
- **Industrials** (Applus, Minebea, Weichai Power), -3.1%.

Given the widespread market sell-off, the list of positive contributors is shorter than we would like but generally comprise companies that are clear beneficiaries of the virus, such as **Gilead Sciences** (+15%) who has a potential COVID-19 treatment in the form of their antiviral Remdesivir, and **Moderna** (+53%) who has a potential vaccine. Other positive contributors included **ZTO Express** (+13%), gaining on the back of greater e-commerce deliveries, and **Barrick Gold** (+7%), benefiting from higher gold prices (typically seen as a 'safe haven' in uncertain times).

Changes to the Portfolio in March

By mid-March, most global share markets had fallen between 30-35% in local currency terms, with many stocks down more than 50%. With a wide range of businesses now trading on attractive valuations, we started adding to our stock holdings, taking the cash balance down from its 9 March peak of 20% to 13%. Our purchases were concentrated in:

- **Semiconductors** – we believe our semiconductor holdings will benefit from long-term growth underpinned by the investment in cloud computing, 5G and artificial intelligence. They also have sound balance sheets and profitable industry structures. With many of these stocks being sold off sharply and again trading below 10x earnings, we added to our holdings in **Skyworks, Micron Technology, Microchip Technology, Samsung Electronics** and added a new name in **Lam Research.**
- **Travel** – there have been few industries more disrupted than travel, with some enormous falls in stock prices, although most would agree given the innate human desire to explore, it is a matter of *when* not *if* travel activity will rebound. In this space, we have generally favoured asset-light companies with strong balance sheets that can both make it through the disruption and potentially emerge stronger, as weaker competitors are eliminated. This includes adding to our holding in **Booking Holdings.**
- **Too cheap to ignore** – we added to a number of stocks that reached GFC-like valuations, including **Applus and Takeda** and several new names, including **Bayer**.

Looking Forward

From an economic perspective this crisis is about access to **labour**. Only when employees can go back to work and people can move freely again, will the situation heal.

The key variables we are looking at that could speed up the return of labour include:

1. The effectiveness of antiviral treatments such as Gilead Science's Remdesivir, used to treat Ebola. If this treatment is successful for COVID-19, it could reduce the death rate and ease the load on ICU beds.
2. The speed at which the system can ramp up additional ICU beds and produce additional respirators and protective gear to meet demand.
3. The effectiveness of the lockdowns in countries like the US to control the spread.[4]
4. Whether governments change course and encourage a return to work earlier. The likelihood of this happening is greater if points 1 and 2 are achieved.
5. The speed of the development of an eventual vaccine.

We are all living the 'medical response' to the virus by self-isolating, but the 'economic response' through financial stimulus is also top of mind, with the US administration recently enacting a US$2 trillion (10% of GDP) stimulus package. Economic measures include:

- In the case of the US, cheques to the value of US$2,400 for most families.
- Large increases in unemployment benefits. The UK government for instance, is willing to pay all employees who have been temporarily stood down, 80% of their wage up to a cap of £2,500 per month, while the US is adding US$600 per week on top of the current payment.
- Cash injections to help small business cover payroll and overheads.
- Subsidised loans for large business.
- Encouraging banks to provide forbearance to borrowers (businesses or individuals) who have seen their income affected by the crisis.

These are fantastic measures to both ensure families can keep food on the table and the bones of businesses can remain intact through this period. These stimulus packages will cushion the blow in the coming months and limit the destruction to business that is hard to quickly rebound from. However, this stimulus does not solve the key **real economic problem** of freedom of labour and supply chains, and hence this is where our focus remains. It is all about the speed of

4 Wuhan was locked down for two months with incredible compliance from its citizens. The question is whether we will see similar citizen compliance in major metro areas like New York, Los Angeles or London.

getting back to work and what our consumer behaviour looks like once that occurs.

Outlook

A bedrock of our approach is that the starting valuation you pay for an investment has a large influence in both the future returns you will make and its risk profile. This approach served us well in the fall-out from the tech bubble, the global financial crisis (GFC) and through the European sovereign crisis, but has not worked during the fall in March. After such an outcome, a fair question is why investors should stick with this approach? On this, I would make the following observations:

1. The large falls seen in stocks, irrespective of their valuation, have significantly increased the latent value and returns potential of the portfolio.
2. Large market events, like the GFC and the wash-out from the tech bubble, have a habit of causing phase shifts and changes in leadership within markets.[5]

At the time of writing, most global markets were down between 20-28% in local currency terms from their highs, with the valuation difference between cyclicals and the much-loved defensive stocks now at a record level. **In the spirit of not letting perfection being the enemy of the good, we believe now is a good time to be buying stocks**, with the full appreciation that given the economic disruption, markets could see lower levels in the coming months, providing better opportunities.

When thinking about our invested position, on one hand, there are many companies offering exceptional value, but on the other hand, one has to keep in mind that markets have fallen from fairly elevated levels, with the truly wonderful companies still valued well above levels you would consider attractive. The balance of the two brings us to our net invested position of 87%.

5 For example, the view that inflation remains low forever may come into question as we see governments around the globe embracing a policy of almost unlimited fiscal stimulus to fight the recession. In a similar vein, the harm this recession will have on the business models of market darlings like Uber, Afterpay and others could lead to a step change in how investors appraise the risk and value of these types of companies.

Disposition of Assets

REGION	31 MAR 2020	31 DEC 2019	31 MAR 2019
North America	36%	35%	29%
Asia	26%	26%	37%
Europe	19%	21%	16%
Japan	6%	7%	3%
Cash	13%	11%	15%

See note 3, page 44. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	31 MAR 2020	31 DEC 2019	31 MAR 2019
Industrials	20%	21%	16%
Information Technology	17%	13%	9%
Communication Services	13%	13%	13%
Financials	10%	15%	15%
Health Care	10%	6%	3%
Consumer Discretionary	5%	4%	2%
Materials	5%	3%	4%
Real Estate	4%	5%	4%
Energy	3%	7%	9%
Utilities	0%	0%	1%
Consumer Staples	0%	2%	8%
TOTAL NET EXPOSURE	87%	89%	85%

See note 4, page 44. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Currency Exposures

CURRENCY	31 MAR 2020	31 DEC 2019	31 MAR 2019
US dollar (USD)	47%	41%	36%
Euro (EUR)	15%	16%	14%
Hong Kong dollar (HKD)	10%	11%	14%
Japanese yen (JPY)	10%	10%	12%
Indian rupee (INR)	8%	7%	6%
Korean won (KRW)	5%	5%	4%
British pound (GBP)	3%	5%	3%
Canadian dollar (CAD)	1%	2%	2%
Australian dollar (AUD)	0%	1%	0%
Chinese yuan (CNY)	0%	2%	8%
Danish krone (DKK)	0%	0%	1%
Norwegian krone (NOK)	0%	0%	1%

See note 5, page 44. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Sanofi SA	France	Health Care	4.0%
Skyworks Solutions	US	Info Technology	3.9%
ZTO Express Inc ADR	China	Industrials	3.6%
Facebook Inc	US	Comm Services	3.4%
Alphabet Inc	US	Comm Services	3.3%
Applus Services	Spain	Industrials	3.3%
IHS Markit Ltd	US	Industrials	3.2%
Intel Corp	US	Info Technology	3.0%
Raiffeisen Bank	Austria	Financials	2.9%
Micron Technology	US	Info Technology	2.9%

As at 31 March 2020. See note 6, page 44.
Source: Platinum Investment Management Limited.

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

Platinum Asia Fund

Joseph Lai
Portfolio Manager

Performance

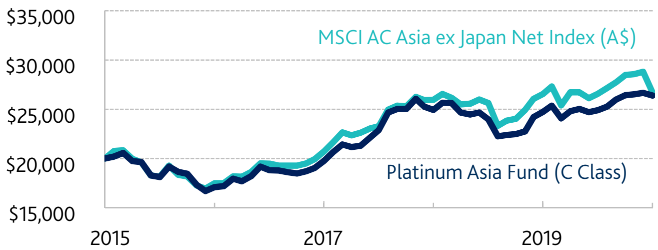
(compound p.a.+, to 31 March 2020)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Asia Fund*	0%	7%	10%	6%	14%
MSCI AC Asia ex Jp Index^	-6%	0%	9%	6%	10%

+ Excludes quarterly returns
* C Class – standard fee option. Inception date: 4 March 2003.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI All Country Asia ex Japan Net Index in AUD. Source: Platinum Investment Management Limited, FactSet.
Historical performance is not a reliable indicator of future performance.
See note 1, page 44. Numerical figures have been subject to rounding.

Value of $20,000 Invested Over Five Years

31 March 2015 to 31 March 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.
See notes 1 & 2, page 44.

The Fund delivered a flat return over the quarter reflecting actions taken to protect the portfolio in what was a highly volatile period.

There was an interesting divergence in performance across markets during the quarter. Those governments that recognised the threat of the COVID-19 outbreak early and took the necessary steps to manage the situation, saw their markets outperform over those that were less able to do so.

China responded quickly and contained the spread of the virus and its market significantly outperformed most major markets elsewhere, falling only 10% in local currency terms for the quarter. Other regions managing the contagion well, include Hong Kong (-16%), Taiwan (-19%) and Korea (-19%). South Asian markets fared considerably worse with India, Thailand, Philippines and Indonesia down around 30%, reflecting an expectation of more difficult times ahead.[1]

Our protection strategies included a basket of shorts on a range of stock market indices and increasing cash holdings, which generated returns of 27% and 12% respectively in Australian dollar (AUD) terms over the period. Although pre-emptive actions to liquidate many of the Fund's South Asian exposures were taken, stocks in this region still detracted from performance. These included **Vietnam Enterprise Investments**, **Ashok Leyland** (Indian truck manufacturer) and **Kasikornbank** (Thai Bank). The China portfolio within the Fund performed relatively well (returning a flat return in AUD terms over the quarter). Key positive contributors to performance included **Microport Scientific** (leader in advanced medical devices in China) and **Kingsoft** (Cloud and Chinese Office Software) as their position and importance in the technology sector became apparent during the COVID-19 outbreak. A number of our other Chinese stocks also delivered positive returns over the quarter.

1 CSI 300 Index (China); Hang Seng Index; Taiwan TAIEX; KOSPI 200 (Korea); India S&P BSE SENSEX; Thailand SET; Philippines PSE; and Indonesia SE Composite Index respectively. Returns are in local currency terms. Source: FactSet.

Changes to the Portfolio

From our perspective, economic risks emanating from the spread of coronavirus and containment measures instituted were always going to significantly dampen economic activity. In contrast, market sentiment early in the quarter was somewhat complacent. We acted quickly and reduced our net exposure.

By the end of February, the Fund's net invested position was lowered to 54% (from 91% at the beginning of the year) by liquidating positions and putting in place a range of short positions on stock market indices to hedge against market declines.

Exposure to South Asian stocks was drastically reduced, particularly India, with the gross (long) invested position reduced from 11% to 4% over the quarter. The impact of the virus is expected to be greater in countries that lack the economic capacity or organisational ability to contain the spread and deal with the fallout.

China, Korea, Taiwan, Hong Kong and Singapore have shown an incredible ability to contain the spread of this virus within their respective countries. People's lives have returned to various degrees of normalcy. While we reduced exposures to these regions early in the stock market panic, positions in these markets have since been reinstated at more attractive valuations.

Companies we are particularly interested in are those that are investing in research and development (R&D) or infrastructure, can set themselves apart from their competitors, gain market share and become industry champions in due course. Indeed, the economic disruption will undoubtedly lead to bankruptcies of the less well-run companies, leaving those with strong balance sheets and capable management teams to take advantage. We elaborate on investment opportunities in the Commentary below.

Market volatility will likely persist as the economic fallout of the crisis plays out. Accordingly, index shorts will continue to be used to hedge the Fund against this expected volatility.

Commentary

The panic that swept the markets due to COVID-19 was intense, but the path in which this crisis unfolded was predictable.

As we know, the virus is highly contagious leading to an exponential rise in cases. This has inevitably overwhelmed the healthcare system, and the typical response has been to "flatten the curve". To relieve the economic pain, unprecedented levels of monetary and fiscal stimulus were, and continue to be, deployed.

The extent to which an individual country can effectively deal with the virus, essentially depends on the strength of its healthcare system to treat the severe cases and the effectiveness of the government to implement social distancing measures and stimulatory policies.

Disposition of Assets

REGION	31 MAR 2020	31 DEC 2019	31 MAR 2019
China^	51%	46%	43%
Hong Kong	6%	9%	10%
Taiwan	7%	7%	4%
Korea	8%	11%	8%
India	4%	11%	12%
Vietnam	2%	3%	2%
Philippines	0%	3%	3%
Thailand	0%	3%	4%
Cash	22%	8%	13%
Shorts	-10%	-1%	-4%

^ Inclusive of all Mainland China-based companies, both those listed on exchanges within Mainland China and those listed on exchanges outside of Mainland China.
See note 3, page 44. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	31 MAR 2020	31 DEC 2019	31 MAR 2019
Consumer Discretionary	27%	20%	18%
Information Technology	17%	19%	9%
Communication Services	10%	12%	15%
Financials	7%	18%	24%
Consumer Staples	4%	1%	3%
Energy	3%	3%	1%
Industrials	3%	6%	3%
Real Estate	2%	6%	7%
Health Care	2%	2%	2%
Materials	1%	1%	1%
Utilities	0%	0%	1%
Other*	-8%	3%	0%
TOTAL NET EXPOSURE	68%	91%	83%

* Includes index shorts and other positions.
See note 4, page 44. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

It is not conventionally believed that administrative means can effectively control pandemics. In the case of China, it has not only controlled it, but has managed to nearly eradicate the virus through administrative means. It did not just flatten the curve, it decimated it with the number of active cases now close to zero. Almost all new COVID-19 cases in China are imported, with some of the Chinese diaspora returning to a country that is free of the disease to seek testing or treatment.

What has worked in China seems to be working in other countries too, with encouraging results. Curves appear to be flattening in many countries. Much like the Chinese citizens, people in many other countries who are self-isolating at home have increased their activity on social media, gaming and e-commerce sites. Some communities have even been singing to each other from their balconies to connect with people around them.

The Chinese experience perhaps offers a glimmer of light at the end of the tunnel for the world. Activities in China are fast returning to a degree of normalcy – streets are full of cars again, people are strolling in parks, returning to shopping malls and travelling domestically. School is finally restarting, and they may even do away with their masks soon.

Economic activities are picking up after a dismal month in February when the country was effectively shut down for business. The Purchasing Managers' Index, an indicator of future economic activity, bounced back from a low of 36 in February to above 52 in March.[2] A reading above 50 indicates an expansion in economic activity and a reading below 50 indicates a contraction in economic activity.

Coal consumption has recovered. E-commerce volume and express parcel delivery volumes have both fully recovered and are likely to see growth this year compared to last year.

Property sales for listed developers have normalised, as sales offices have re-opened and potential buyers have returned. The authorities have loosened property policies at the margin to give it a helping hand. Construction at most building sites has restarted, with many labourers working extra hard to make up lost ground and meet apartment completion dates.

Most shopping malls and restaurants have re-opened and customers have started to return. KFC in China has re-opened most of its previously closed restaurants and sales are recovering, particularly in the delivery business. Chain supermarket and convenience stores have mostly re-opened and their sales have exceeded levels recorded for the same period last year, as more people are dining at home rather than eating out.

2 Source: FactSet.

Net Currency Exposures

CURRENCY	31 MAR 2020	31 DEC 2019	31 MAR 2019
Hong Kong dollar (HKD)	31%	28%	28%
US dollar (USD)	31%	37%	41%
Chinese yuan (CNY)	11%	9%	17%
Australian dollar (AUD)	10%	0%	0%
Korean won (KRW)	7%	11%	8%
Taiwan dollar (TWD)	6%	7%	3%
Vietnamese dong (VND)	2%	3%	2%
Singapore dollar (SGD)	1%	0%	0%
Thai baht (THB)	0%	3%	4%
Philippine peso (PHP)	0%	3%	3%
Indian rupee (INR)	0%	11%	10%
Chinese yuan offshore (CNH)	0%	-12%	-19%

See note 5, page 44. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Tencent Holdings	China	Comm Services	5.6%
Alibaba Group Holding	China	Cons Discretionary	5.4%
Taiwan Semiconductor	Taiwan	Info Technology	5.0%
Samsung Electronics Co	Korea	Info Technology	4.9%
AIA Group Ltd	Hong Kong	Financials	4.2%
JD.com Inc	China	Cons Discretionary	3.2%
Reliance Industries Ltd	India	Energy	3.2%
China International	China	Cons Discretionary	2.9%
Inner Mongolia Yili	China	Consumer Staples	2.6%
Anta Sports Products	China	Cons Discretionary	2.5%

As at 31 March 2020. See note 6, page 44.
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.

The China experience is somewhat illustrative of what can be expected if the pandemic can be controlled. Activity can improve to some degree of normalcy, even though a vaccine has not yet been discovered. Over the medium-to-longer term, one can be optimistic. The global effort to develop a vaccine is in earnest and such an intense global scientific effort to find the solution cannot be underestimated.

Outside of Mainland China, perhaps with the benefit of experience in previous viral outbreaks, developed Asia (Korea, Taiwan, Singapore, HK) appears to be handling the containment effort reasonably well, with less draconian measures. This region will likely remain the factory of the world, churning out much-needed medical supplies and ventilators, as well as daily necessities to export to the rest of the world during this time of crisis.

The less-developed South Asian markets may unfortunately fare less well, with limited financial ability to mount an effective response and the eventual burden on their banking systems will be heightened post this episode. Accordingly, we reduced our exposure to this region for now, but we remain believers that the structural underpinning for growth remains firmly intact in the long term. We are using our time now to research and prepare for the plentiful opportunities that will undoubtedly surface.

The new normal that we are living through can present new opportunities. Working from home has led to a new appreciation of moving IT infrastructure to the cloud. Demand for video conferencing and collaborative online tools is exploding all over the world. Many companies are playing catch up and investing in the cloud. Semiconductors (computer chips) are central to enabling these technologies.

We continue to own **Samsung Electronics**, **SK Hynix** and **Taiwan Semiconductors**, which are dominant oligopolistic players in semiconductors, and we are confident they can manage capacity expansion in the unlikely event of weaker demand in this environment. We have also increased our investment in cloud-based companies that we expect will benefit from people working remotely and conducting their meetings via video conferencing, with some of these behaviours permanently entrenched.

Companies with strong brand names in China are likely to continue to maintain their dominance. As China continues to grow, its people will be even more proud of its country, and more importantly, of themselves, especially having worked collectively to successfully combat this virus. The impact of this outbreak may in fact have a galvanising impact on these brands.

Travel-related companies have obviously been impacted heavily in China. We have identified many fast-growing industry champions, characterised by an impeccable management track record and investment in IT infrastructure to deliver a superior travel experience. While the current setback is real, it is also temporary, particularly in the case of China, as the locals will travel again.

Outlook

Valuations in the Asian markets have become even more attractive. The fundamental drivers of economic development in Asia continue to be firmly entrenched in the region.

The effective response of China and other parts of Asia to this pandemic threat is testament to the dynamism of the region. The speed at which the genome of COVID-19 was sequenced and effective containment strategies employed by various North Asian countries reflects their strong penchant for economic and technological advancement. The same robust drivers of efficient and low-cost infrastructure and the coalescing of the population for the common good, is pushing the inexorable rise of the region over the longer term.

It is impossible to know the duration of this biological upheaval, but market gyrations will present more opportunities as the situation changes. We will continue to manage the Fund as we always have and that is to seek out strong businesses with resilient characteristics that are cheap in absolute terms during this time of turmoil, while taking protective measures against market volatility.

Platinum European Fund

Nik Dvornak
Portfolio Manager

Performance

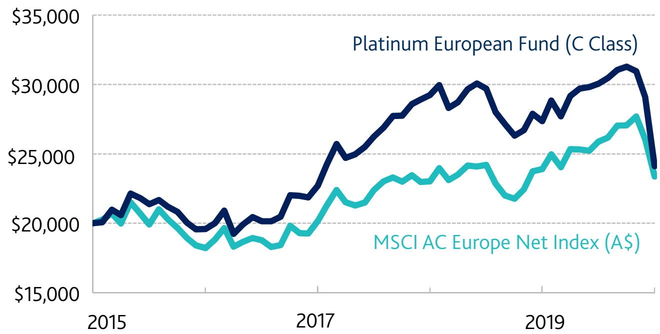
(compound p.a.+, to 31 March 2020)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum European Fund*	-23%	-12%	2%	4%	10%
MSCI AC Europe Index^	-14%	-2%	5%	3%	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.
Historical performance is not a reliable indicator of future performance.
See note 1, page 44. Numerical figures have been subject to rounding.

Value of $20,000 Invested Over Five Years

31 March 2015 to 31 March 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.
See notes 1 & 2, page 44.

The Fund (C Class) returned -22.9% over the quarter.[1]

The quarter began with a promising outlook for European equities. Trade tensions between the United States and China had been placed on hold. The global manufacturing downturn had stabilised with activity poised to rebound. In Europe, the services sector and labour market remained in good shape. Investor confidence was recovering and there were many attractively priced stocks in Europe, albeit mostly cyclicals. We expected a cyclical recovery in 2020 and the Fund was positioned accordingly.

The outlook deteriorated rapidly with the spread of the coronavirus disease (COVID-19) in China. By late-January, Chinese authorities were imposing severe restrictions on the movement of people and social contact to combat contagion. The so-called 'lockdowns' applied to hundreds of millions of people and were highly successful; by late-February the rate of new infections had plummeted saving the hospital system from being overwhelmed. The lockdowns, however, had a devastating economic impact. In February, Chinese retail sales fell 20%, business investment fell 25% and the PMI[2] leading indicator for the services sector fell from a healthy 52 to an unheard-of 26. For Europe, these developments were a harbinger of what was to come. Yet, European equities rallied throughout this period with the Euro Stoxx 600 index reaching an all-time high on 19 February. Two days later, a cluster of infections was uncovered in the Lombardy region of Northern Italy. Within two weeks, most European countries had imposed some form of lockdown and within three weeks the Euro Stoxx 600 index had fallen 40%.

In mid-February, concerned by developments in China and the complacency of European markets, we sought to protect the portfolio by selling index futures. This action was both appropriate and timely, but it merely blunted the impact. The Fund significantly underperformed the broader market in the subsequent carnage.

We made two critical errors in judgement. Our first error was closing our short positions too soon. As China struggled to

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

2 PMI Services Sector Business Activity Index - China. Source: FactSet.

contain its COVID-19 outbreak earlier in the year, the Shanghai A-Share Index fell 15% from peak to trough. This reference point led us to expect European markets to fall perhaps 20%. We began covering our short positions once European markets had fallen 15% and had closed almost all our shorts by the time market had fallen 25%. European markets ended up falling almost 40%.

Our second error was not selling the cyclical stocks we owned. Many of these stocks had already fallen significantly and were trading well below our assessment of fundamental value. We believed there was a significant 'margin of safety' – an allowance for things to go wrong – already factored into the price we paid. In reality, the margin of safety proved to be an elastic concept, widening as uncertainty increased and these stocks fell far more than the broader market.

Bank of Ireland is a good case in point. This bank operates in a structurally attractive economy, is one of two leading banks in a four-bank market and faces rational competition, earning margins that would make Australia banks blush. We paid 6x earnings and 0.4x book value for this bank. Yet Bank of Ireland's stock price still fell 60% in the three weeks to 18 March 2020, trading well under 0.2x book value.

Our worst-performing positions were our cyclicals, including banks (**Bank of Ireland** -65%, **Raiffeisen Bank** -40%), retailers (**SMCP** -59%), miners (**Glencore** -47%) and energy (**TGS-NOPEC** -56%, **Saras** -40%). Our best performing stocks were the healthcare names (**BioNTech** +72% and **Qiagen** +23%).

Changes to the Portfolio

We increased our short positions in mid-February. These were almost entirely closed by mid-March but we began reinstating them slowly at quarter-end as markets rallied.

During the last few weeks we have been selling stocks that have performed relatively well, such as Qiagen and Deutsche Boerse, and used the proceeds to buy stocks that have fallen a lot. While we selectively added to existing positions (Applus, Saras) most of our buying involved adding new companies to the portfolio. These are typically well-managed businesses with strong competitive positions in growing industries. We have tracked many of these companies for years but were never able to justify the high valuations sellers demanded. In recent weeks the market price for some of these businesses had fallen significantly, either because their end-markets were directly impacted by COVID-19 (e.g. travel) or because their customers will be impacted by measures to contain the virus (e.g. semiconductors).

Our currency positioning has also changed. As often happens during periods of heightened uncertainty the US dollar appreciated sharply against most major currencies. Both the Australian dollar and the British pound had fallen to extreme levels and we increased our holdings of both.

Outlook

Markets do not react well to uncertainty. The COVID-19 outbreak has unleashed plenty of it, with few useful historic

Disposition of Assets

REGION	31 MAR 2020	31 DEC 2019	31 MAR 2019
Germany	20%	20%	19%
Norway	11%	13%	9%
Switzerland	9%	12%	11%
United Kingdom	9%	7%	10%
Spain	8%	6%	8%
Romania	8%	7%	5%
United States*	7%	7%	5%
Netherlands	6%	3%	1%
Austria	4%	6%	7%
Ireland	4%	6%	3%
Italy	4%	3%	2%
France	4%	2%	6%
Denmark	2%	1%	2%
Russia	1%	1%	2%
Poland	0%	2%	3%
Hungary	0%	0%	1%
Cash	3%	2%	7%
Shorts	-12%	-5%	-8%

* Stocks that are listed on US exchanges, but whose businesses are predominantly conducted in Europe.
See note 3, page 44. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	31 MAR 2020	31 DEC 2019	31 MAR 2019
Financials	18%	20%	17%
Health Care	17%	17%	11%
Industrials	17%	19%	23%
Consumer Discretionary	14%	13%	9%
Information Technology	7%	3%	4%
Communication Services	7%	5%	7%
Energy	6%	8%	8%
Materials	3%	5%	5%
Real Estate	1%	2%	1%
Consumer Staples	0%	-3%	-2%
Other*	-6%	4%	3%
TOTAL NET EXPOSURE	84%	92%	85%

* Includes index shorts and other positions.
See note 4, page 44. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

precedents to help us quantify the size and scope of the fallout. Investors have rushed to sell, sending equity markets into freefall. Fear is the prevailing emotion. During these episodes it's all too easy to think the current state of affairs must persist or indeed, deteriorate. Doing so is dangerous as it can blind us to signs of receding uncertainty. Progress is indeed being made, both in combating this pandemic and on smoothing its economic impact.

On the medical front lockdowns are proving successful in slowing or halting contagion, buying time. Hospital systems are expanding capacity; Italy has increased its intensive care unit capacity by 40% (to 8,400 beds) in under a month. Multiple drugs are being trialled for effectiveness. Successful candidates will be combined into powerful drug cocktails that save lives and relieve pressure on hospitals. Finally, there are almost 50 different vaccines under development with some already in human trials. COVID-19 is a daunting challenge right now but in a year's time it may seem a far more manageable disease.

On the economic front, the early indicators are frightful and we expect worse to come. The economic damage is being done by the lockdowns, rather than the virus itself. The lockdowns will leave many businesses and households temporarily unable to meet their financial obligations. While the lockdowns are a temporary measure, the damage they cause can be long-lived if businesses and households are allowed to go bankrupt en masse. Recognising this risk, governments have stepped in quickly and forcefully.

Businesses organise the resources of the economy and it is critical that this organisational structure remains in place to facilitate recovery. With their incomes curtailed, businesses are temporarily unable to pay for their labour, land and capital. To prevent wholesale bankruptcies and sackings, governments are providing businesses with massive bridging finance until activity recovers. They are also facilitating the deferral of rent and loan payments and providing subsidies for wages to reduce job losses. Similar measures are being introduced for households. The various fiscal measures pledged by the G20 amount to US$5 trillion to date; for context, this is equivalent to the annual economic output of Japan, the world's third largest economy.

China's experience also warrants cautious optimism. China loosened its restrictions on movement and social contact in late-February. The rate of new infections there remains low, suggesting intensive monitoring and strict quarantine procedures can keep the disease contained without severely restricting social contact. Chinese economic activity has steadily recovered during March. The recovery has been uneven and remains incomplete, but it has been smoother than expected considering that Europe and the United States were sliding into recession during this period.

In the near term, we are mindful of one risk in particular: a second widespread outbreak in China. This would not only short-circuit the recovery in the world's second-largest economy but would suggest waves of lockdowns may be needed over the next year or two. Given the economic damage wrought by the first round of lockdowns, the prospect of three or four of them is deeply unsettling. Indeed, many societies will not be willing or able to afford them.

Longer-term, we anticipate the socialisation of risk today will have longer-term consequences for private business and capital. We expect less separation between private enterprise and public policy in future with demands for national or social service becoming more frequent and harder to resist. Social tensions may also become further inflamed with the rise of nationalism and populism in Europe after the global financial crisis perhaps a foretaste of what may come.

Net Currency Exposures

CURRENCY	31 MAR 2020	31 DEC 2019	31 MAR 2019
Euro (EUR)	48%	45%	41%
Australian dollar (AUD)	19%	0%	0%
British pound (GBP)	14%	16%	12%
US dollar (USD)	11%	14%	3%
Swiss franc (CHF)	4%	6%	15%
Romanian leu (RON)	4%	4%	2%
Danish krone (DKK)	2%	1%	2%
Polish zloty (PLN)	0%	2%	3%
Norwegian krone (NOK)	-2%	13%	13%
Czech koruna (CZK)	0%	0%	8%
Hungarian forint (HUF)	0%	0%	1%

See note 5, page 44. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Booking Holdings Inc	United States	Cons Discretionary	4.7%
BioNTech	Germany	Health Care	4.7%
Fondul GDR	Romania	Other	4.4%
Prosus NV	Netherlands	Cons Discretionary	4.4%
Hypoport AG	Germany	Financials	4.3%
Raiffeisen Bank	Austria	Financials	4.3%
Banca Transilvania	Romania	Financials	4.0%
Saras SpA	Italy	Energy	3.8%
Roche Holding AG	Switzerland	Health Care	3.8%
Golden Ocean Group	Norway	Industrials	3.4%

As at 31 March 2020. See note 6, page 44.
Source: Platinum Investment Management Limited.

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

Platinum Japan Fund

Scott Gilchrist
Portfolio Manager

Performance

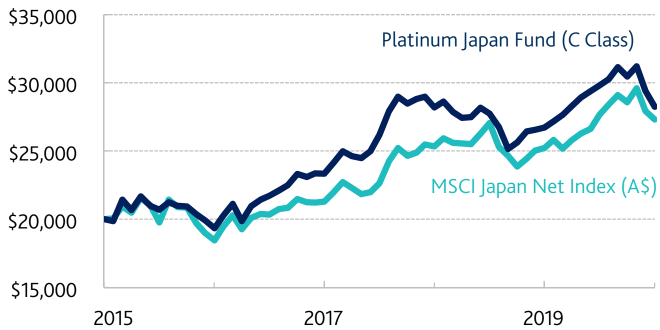
(compound p.a.+, to 31 March 2020)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Japan Fund*	-7%	6%	7%	7%	14%
MSCI Japan Index^	-4%	8%	9%	6%	3%

+ Excludes quarterly performance.
* C Class – standard fee option. Inception date: 30 June 1998.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI Japan Net Index in AUD.
Source: Platinum Investment Management Limited, FactSet.
Historical performance is not a reliable indicator of future performance.
See note 1, page 44. Numerical figures have been subject to rounding.

Value of $20,000 Invested Over Five Years

31 March 2015 to 31 March 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.
See notes 1 & 2, page 44.

The Fund delivered a disappointing performance for the quarter and year.

The Fund is invested in businesses which are well positioned for the medium to long term and are valued at the bottom-end of their historical range. For example, it is rare to be able to buy a high-quality company like Toyota at the current valuation. Further, Toyota's relative business position has improved and we expect it will rebound faster than the broader industry. Nevertheless, the global automobile industry is under great stress and the short-term prospects for Toyota's refreshed product portfolio are not immune.

The valuation dispersion in the Japanese market has been wide for many years. Recently, it has widened further. This benefited some stocks in the portfolio but set-back others.

As the economic disruption from the SARS-CoV-2[1] virus spread across the globe from Wuhan, the effects could be clearly seen on market psychology and valuations. The market identified sectors such as medical equipment, teleworking, IT services, and e-commerce as potential beneficiaries, while projecting negative prospects for most consumer, manufacturing and cyclical industries.

Nexon (+22% over the quarter) and **CyberAgent** (+10%) both benefited from the prospect of increased leisure time at home and provided a positive contribution to the Fund's performance.

Toyota (-18%), **Suzuki** (-43%) and **MinebeaMitsumi** (-29%) saw diminished short-term prospects and were key detractors from the Fund's performance.[2]

1 Severe acute respiratory syndrome coronavirus 2 which is the cause of the coronavirus disease (COVID-19).

2 All stock returns in this Platinum Japan Fund report are in local currency terms and are sourced from FactSet unless otherwise specified.

Disposition of Assets

REGION	31 MAR 2020	31 DEC 2019	31 MAR 2019
Japan	79%	91%	76%
Korea	3%	6%	6%
Cash	19%	4%	19%
Shorts	-24%	-6%	-20%

See note 3, page 44. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	31 MAR 2020	31 DEC 2019	31 MAR 2019
Consumer Discretionary	14%	19%	14%
Communication Services	14%	12%	17%
Health Care	13%	12%	3%
Industrials	9%	18%	8%
Information Technology	8%	15%	11%
Materials	3%	4%	6%
Real Estate	0%	0%	0%
Consumer Staples	-3%	2%	-5%
Energy	0%	5%	4%
Financials	0%	2%	3%
TOTAL NET EXPOSURE	57%	91%	61%

See note 4, page 44. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Commentary

As SARS-CoV-2 ravages some countries, Japan is an interesting outlier, along with much of East Asia. Perhaps some innate cultural aspects have slowed the spread of the virus:

- People don't shake hands
- There may be a base level of immunity
- People routinely wear masks when they are sick
- Hand sanitiser can be found in shops and offices
- There is little contact between old and young people (rare to have three generations living together)
- By limiting testing, the infected don't go to hospitals and spread the disease there.

One way to conceptualise this pandemic is to think of SARS-CoV-2 as the “SARS for the world outside the wall of East Asia”. Many Asian citizens remember wearing a mask at work all day during the SARS epidemic. These memories remain in the social consciousness.

Korea, Japan, Taiwan, Hong Kong and Singapore have deep connections with China, including Wuhan. When this coronavirus first crossed over to humans late last year, the “wall” of East Asia responded rapidly and their learned behaviour was to revert to the SARS scenario. Their behaviour averted immediate calamity.

Net Currency Exposures

CURRENCY	31 MAR 2020	31 DEC 2019	31 MAR 2019
Japanese yen (JPY)	102%	92%	98%
US dollar (USD)	1%	4%	29%
Australian dollar (AUD)	0%	1%	-20%
Korean won (KRW)	-3%	4%	-7%

See note 5, page 44. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

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

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Takeda Pharma Co	Japan	Health Care	6.8%
Nintendo Co Ltd	Japan	Comm Services	5.0%
Rakuten Inc	Japan	Cons Discretionary	4.5%
Oracle Japan	Japan	Info Technology	4.3%
Minebea Co Ltd	Japan	Industrials	3.9%
Nexon Co Ltd	Japan	Comm Services	3.8%
Kyocera Corp	Japan	Info Technology	3.8%
Astellas Pharma	Japan	Health Care	3.4%
Nitto Denko Corp	Japan	Materials	3.2%
CyberAgent Inc	Japan	Comm Services	3.2%

As at 31 March 2020. See note 6, page 44.
Source: Platinum Investment Management Limited

This virus is different for a wide range of reasons:

- China is more deeply connected to the whole world now
- This virus is more infectious
- This virus is much deadlier for subsets of the population
- It has escaped beyond the "wall" of East Asia
- It is asymptomatic during the early stages of infection.

It seems highly likely that the global medical system will:

- Develop a cheap, scalable, fast test for diagnosis
- Find a vaccine (but it could take a while, especially to ramp up production)
- Find a cure (I cannot see anything that is imminent)
- Develop a daily management system which allows our economy to function.

Each will take time. The last factor above will be the fastest, as there are already precedents.

Unfortunately, the globalised world and politicised bureaucratic structures we live in misread the early battles and the virus has spread too far. Thus, a short term "war response" will be required. Undoubtedly, as with pandemics seen over the last millennium, it will eventually be defeated, and the systems will be better prepared for future threats.

In the meantime, the new structure of the global economic system is very unclear.

It's important to separate the societal disruption caused by the virus from the structure and stability of the financial system. In many ways, the virus is a catalyst, which has exposed the weaknesses in the global system. It's a true calamity in more ways than one. Some of the resulting changes to the world and psychology will be very significant.

While Japan has so far avoided the lockdowns and hospital overloads seen in other parts of the world, there is now a growing sense that the measures taken in the early stages and the increasingly stringent behaviours are not enough to control the spread of the disease. Anecdotally, it's clear that the Japanese hospital system is nowhere near overloaded at the moment. Significant outbreaks, such as what has occurred in the northern island of Hokkaido, have been handled forcefully. Even as the number of infections continues to rise, the early response combined with the cultural behaviours of the Japanese people makes it unlikely that SARS-CoV-2 will spread widely across Japan.

Even in countries which have been well prepared, the economic impacts have been significant. In Japan, there are reports of Shinkansen passenger volumes falling more than 50% on some rail routes and beer consumption in some channels down more than 70%. International air traffic is down more than 80% across the region as a 14-day arrival quarantine and the risk of contagion makes it an unpopular activity. It remains to be seen whether the spread of the virus can be contained with these seemingly sensible measures, or a broader lockdown is required. There is some hope that a multi-week lockdown of isolated societies can reduce the infection rate to minimal levels. At this stage, with limited medicines, a shortage of tests and no vaccine, it seems unlikely that economic activity can return to any sense of normality anytime soon, let alone return to structural growth.

Outlook

It is hard, if not impossible to predict the trajectory of this virus and the implications as it mutates and spreads exponentially. The trade-off between medical tragedies as hospitals overflow versus the economic effects of lockdowns further complicates the analysis. It is now clear that the economic effects of the pandemic are widespread. Governments and central banks have responded rapidly as they re-open playbooks from the last two decades and expand their channels of action. Fighting a medical disaster with a printing press and cheques in the mail will stave off the worst, but battles leave many scars.

All this discussion is against a background of a heavily indebted, financialised and unbalanced global financial system. In this context of increased, perhaps even unprecedented volatility, it is both logical and prudent to position the portfolio conservatively. Consequently, cash levels have risen and the portfolio composition has shifted towards more defensive sectors.

Further central bank action will likely be required as the pandemic progresses. It seems inevitable that a combination of widespread testing, a cure, a vaccine, or any combination thereof, will eventually lead to a return of economic activity. The current deflationary path could turn to monetary inflation as errors are made. Japan's stable social structure and proven historic ability to reinvent itself will be a relative benefit in this unsettling environment. For all the reasons previously discussed over the last few years, the prospects for the Japanese stock market are relatively attractive.

Platinum International Brands Fund

James Halse
Portfolio Manager

Performance

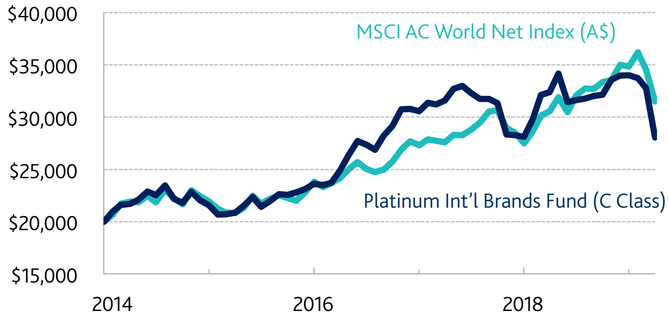
(compound p.a.+, to 31 March 2020)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Brands Fund*	-17%	-13%	4%	5%	11%
MSCI AC World Index^	-10%	3%	9%	8%	3%

+ Excludes quarterly returns.
* C Class – standard fee option. Inception date: 18 May 2000.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI All Country World Net Index in AUD.
Source: Platinum Investment Management Limited, FactSet.
Historical performance is not a reliable indicator of future performance.
See note 1, page 44. Numerical figures have been subject to rounding.

Value of $20,000 Invested Over Five Years

31 March 2015 to 31 March 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.
See notes 1 & 2, page 44.

The coronavirus pandemic induced dramatic market volatility during the quarter, as investors digested the implications of the severe curtailment of economic activity brought about by government attempts to curb the spread of the virus. While containment measures are crucial to saving lives, the concomitant disruption is unprecedented in modern times.

Global markets fell 9.7% in Australian dollar (AUD) terms during the quarter, cushioned by a weak AUD which depreciated 12.9% against the US dollar. This return understates the day-to-day experience of the market maelstrom, with most leading stock indices falling 30%-50% peak to trough in local currency terms and many stocks experiencing intra-day moves of more than 40%. The Fund (C Class) returned -17.5% in AUD terms for the quarter as our conservative market exposure (average 68% net long during the quarter) was more than offset by the market response to the evaporation of consumer spending on discretionary products and services.

As spending ceased in some areas, in others, supply chains struggled to respond to panic buying of food and household essentials. These patterns of consumer behaviour, coupled with the collapse in Treasury bond yields, led to more resilient performance from the traditionally 'defensive' consumer staples stocks and food retailers. Unfortunately for our recent performance, we had limited exposure to these areas going into the sell-off, viewing them as generally expensive and unattractive opportunities. We have previously mentioned our short positions in this space, which unfortunately were not effective market hedges to the outsized declines in our holdings of stocks exposed to discretionary spending. Overall, however, our short positions contributed 2.6% to Fund performance in AUD terms.

The extreme market moves were reflected in only a few of our long positions generating a positive return in local currency terms. This included **Tencent**, the dominant player in gaming and social media in China, which gained 1%,[1] as the market viewed it as benefiting from more people staying at home spending on games. Many of our core holdings were, however, relatively resilient in this downturn. For example, Chinese e-commerce marketplace **Alibaba** (-8% in local

1 All individual stock returns in this report are in local currency terms and sourced from FactSet unless otherwise specified.

currency terms), which is relatively better off in a world where more shopping is done online; food delivery and local services leader **Meituan Dianping** (-8%) as restaurants remained open for takeaways; and luxury car dealer **China Yongda Automobiles** (-11%) as it reported better-than-expected volumes and generated extra cash through shrinking its proprietary auto finance book. Similarly, Japanese pharmacy chain **Ain** (-8%) was relatively resilient, as was our newly initiated position in UK household products and consumer healthcare company **Reckitt Benckiser** (-4% holding period return) as demand surged for its products and investors valued its defensive characteristics.

Detractors from performance were numerous. Our positions in various apparel and footwear brand owners and retailers suffered as the market capitalised the implied losses from enforced store closures and expressed fears of depressed demand over an extended period as people reduce their social activity. Included in this basket were **ASOS** (-65%), **SMCP** (-59%), **Kontoor Brands** (-54%), **American Eagle Outfitters** (-46%), **Aritzia** (-35%) and **Foot Locker** (-43%). Likewise, our financial services investments took a hit despite already very cheap valuations as investors worried about a potential rise in credit losses and the impact of lower interest rates on net interest margins. Suffering from this dynamic were online banks **Ally Financial** (-53%) and **TCS Group** (-46%), as well as dominant Russian lender **Sberbank** (-42%), with the latter two also hurt by the negative consequences to the Russian economy of a falling oil price.

Changes to the Portfolio

The immense market volatility and dramatic dispersion in performance between subsectors provided us with a fantastic opportunity to recycle capital from the better performers mentioned above into both existing and new investments, where the stocks had sold off to highly attractive levels. Our new holdings are concentrated in travel, leisure and financial services; areas all hard hit by the current crisis. Timing the moment to buy in a sell-off is always difficult, so we took a gradual approach. Unfortunately, many of our purchases were too early in hindsight, which hurt recent performance. Some of these stocks fell as much as 80% to their lows in less than a month, but have since staged sizeable rallies as sentiment improved. Valuations remain highly attractive, with some of our new additions boasting price-to-earnings ratios as low as 4x and price-to-book ratios as low as 0.2x.

Amongst our existing holdings, online-only used car retailer **Carvana** is a strong example of the benefits of recycling capital into the hardest hit areas. Carvana sold off from a high of US$115 in February to an intraday low of US$22 in mid-March, as concerns grew around demand and its funding, before ending the quarter at US$55. We took the opportunity to add to our position at prices from US$58 all the way down to US$24, before selling around 1% of our position at prices in the high US$50s. Our buying at depressed levels led to the position generating a positive return in the quarter despite the large price fall.

We sought to manage the risks inherent in the approach outlined above via careful analysis of the ability of the businesses in question to withstand a protracted shutdown without suffering losses so large as to permanently impair our equity investment. Further risk mitigation came from the addition of short positions in many market darlings in sectors such as e-commerce, fast-casual restaurants and sportswear. We were also able to take advantage of the volatility and increase our long exposure in a low-risk manner via taking a large position in the jeweller, **Tiffany** at US$114. Tiffany is subject to a takeover by Moet Hennessy Louis Vuitton at US$135, with the deal to complete mid-year. Tiffany has since rallied to around US$130, providing a very respectable risk-adjusted return in a short period of time.

Outlook

In the December 2019 quarterly report we mentioned the sizeable bifurcation in valuation between perceived winners

Disposition of Assets

REGION	31 MAR 2020	31 DEC 2019	31 MAR 2019
North America	37%	27%	24%
Europe	31%	22%	19%
Asia	24%	36%	40%
Japan	4%	8%	8%
Cash	3%	7%	9%
Shorts	-32%	-19%	-15%

See note 3, page 44. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	31 MAR 2020	31 DEC 2019	31 MAR 2019
Consumer Discretionary	45%	41%	33%
Communication Services	14%	21%	23%
Financials	12%	10%	9%
Industrials	3%	4%	3%
Real Estate	1%	1%	1%
Consumer Staples	-1%	-2%	6%
Information Technology	-2%	0%	1%
Other*	-7%	0%	0%
TOTAL NET EXPOSURE	65%	74%	76%

*Includes index shorts and other positions.
See note 4, page 44. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

and losers in the broader consumer sector. The recent market action has further compounded these disparities and produced a veritable smorgasbord of attractive opportunities. The stock market dislikes uncertainty about the future, but in reality, the future is always uncertain. It is only perceptions of that uncertainty that change.

We now have clear precedents in China, Italy, Singapore, South Korea and Spain of the measures required and timelines for tempering the exponential reproduction of the virus. A vaccine which can solve the problems is generally thought to be 12-18 months away, but could arrive sooner. What continues to worry the market is the medium-term economic impact of social distancing, the extent of the losses that companies will have to bear while lockdowns are in force, and the degree to which the current experience will drive longer-term shifts in consumer behaviour.

Apparel retail is in a particularly tough position as sales collapse. The industry as a whole has bought inventory it is currently unable to sell that is fast losing its value, has rent obligations for stores it is unable to use, and has committed in advance to further inventory purchases. Reduced demand could persist post-lockdown as people avoid social occasions, and thus the need for new outfits.

This all paints a very negative picture, but the other side of the coin is that weaker players will be unable to survive, leaving the stronger players in a position to gain market share and come out of the crisis in a better position. Rents will likely be reduced for the survivors, which assists their cost structures and thus profitability.

The dramatic spike in demand for food and household products is likely to be short-lived and indeed one can already observe a return to some level of normalcy at the local supermarket. Makers of products such as canned soup and toilet paper are unlikely to observe a sustained uplift in demand for their products and indeed may see demand crater as pantry inventory is used. Supermarkets will continue to benefit as people prepare food at home rather than dining at restaurants and cafes due to ongoing social distancing, and perhaps even beyond the pandemic as a weak economy leads consumers to (figuratively) tighten their belts. That said, the underlying drivers of the shift to eating food prepared outside the home have not dissipated and the supermarkets will return to a more normal level of sales. The dramatic increase in the valuation of these 'defensive' stocks relative to the market suggests that investors either do not agree with these views, or that they have a significantly more pessimistic view on the ability of many discretionary stocks to manage through the crisis.

While we are optimistic on the timeframe for moving past the pandemic, we are likely more pessimistic relative to most on the rapidity of the recovery in economic activity, employment and corporate profits, despite the unprecedented fiscal and monetary stimulus being thrown at the problem by governments and central banks. There is the potential for the market to be disappointed and experience a further leg down. We thus maintain a relatively low net long exposure to markets at around 65%. Tempering this pessimism, however, is the fact that it has been some time since we have been presented with so many attractive investment opportunities, with the more moderate decline in the aggregate market indices belying the severe deratings seen in some areas. Consequently, we have been putting capital to work, with the Fund's gross long exposure sitting close to 97%.

Net Currency Exposures

CURRENCY	31 MAR 2020	31 DEC 2019	31 MAR 2019
US dollar (USD)	46%	47%	46%
Euro (EUR)	34%	24%	25%
Canadian dollar (CAD)	9%	2%	1%
Norwegian krone (NOK)	7%	2%	3%
British pound (GBP)	6%	5%	3%
Australian dollar (AUD)	5%	0%	0%
Hong Kong dollar (HKD)	4%	14%	11%
Turkish lira (TRL)	2%	2%	1%
Danish krone (DKK)	2%	2%	0%
Japanese yen (JPY)	-1%	4%	4%
Brazilian real (BRL)	-1%	0%	-1%
Indian rupee (INR)	-4%	2%	6%
Chinese yuan offshore (CNH)	-9%	-6%	-6%
Chinese yuan (CNY)	0%	2%	7%

See note 5, page 44. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Euro Stoxx 50 Div	Euro	Other	5.4%
Tiffany & Co	US	Cons Discretionary	4.7%
Lixil Group	Japan	Industrials	3.8%
Facebook Inc	US	Comm Services	3.2%
58.Com Inc	China	Comm Services	3.0%
Sberbank	Russia	Financials	3.0%
Alphabet Inc	US	Comm Services	2.9%
Carvana Co	US	Cons Discretionary	2.8%
ASOS PLC	UK	Cons Discretionary	2.8%
China Yongda Auto	China	Cons Discretionary	2.7%

As at 31 March 2020. See note 6, page 44.
Source: Platinum Investment Management Limited.

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

Platinum International Health Care Fund

Bianca Ogden
Portfolio Manager

Performance

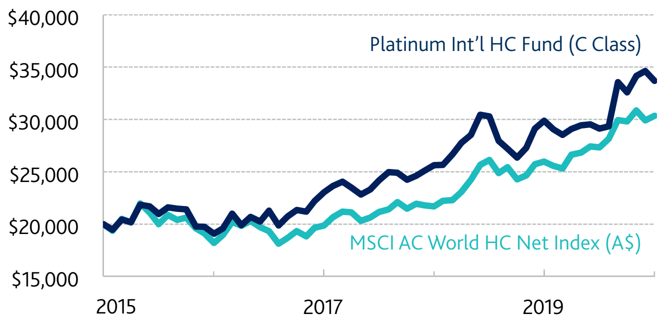
(compound p.a.+, to 31 March 2020)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l HC Fund*	3%	13%	14%	11%	10%
MSCI AC World HC Index^	2%	17%	15%	9%	10%

+ Excludes quarterly returns.
* C Class – standard fee option. Inception date: 10 November 2003.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI All Country World Health Care Net Index in AUD. Source: Platinum Investment Management Limited, FactSet.
Historical performance is not a reliable indicator of future performance.
See note 1, page 44. Numerical figures have been subject to rounding.

Value of $20,000 Invested Over Five Years

31 March 2015 to 31 March 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.
See notes 1 & 2, page 44.

The Fund (C Class) returned 3.3% over the quarter.[1]

It was a dynamic quarter dominated by a virus and the subsequent mobilisation of global healthcare systems to combat a pandemic. Several of our holdings are actively involved in developing diagnostic tests (**Roche**, **Qiagen**, **SpeeDx**), therapeutics (**Gilead Sciences**, **Roche**, **Sanofi**) and vaccines (**Moderna**, **BioNTech**, **Sanofi**, **Johnson & Johnson**, **CanSino**) for the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). We have been invested in these companies for some time and they all made a positive contribution to the Fund's performance over the quarter. Our decision to invest in these companies reflected their technology, management teams, and research and development (R&D) pipelines, as well as the long-term opportunities ahead. It is gratifying to see the dedication of all the companies in rapidly responding to the health crisis and take on the challenge.

For the moment, the world is in a holding pattern as we all watch and wait for the "flattening of the curve". Many clinical trials have been put on hold, while elective surgeries are delayed to ensure resources are allocated to patients with the coronavirus disease (COVID-19) and their treating physicians. Excluding the stocks mentioned above, many share prices have declined sharply and uncertainty rules. As Johnson & Johnson's Chief Financial Officer aptly said, "What we know for sure about guidance is we will be 100% wrong". We fully concur with that. Like companies, investors have to keep a clear head and look beyond the pandemic. There is no clear precedent of such a drastic slowdown in economic activity. Companies like Zimmer Biomet, which specialises in hip and knee replacements, is likely to experience a significant impact to their business in the coming months, as will dental-related companies. However, the market will at some point look through the temporary challenges. We have accordingly been adding to many of our positions during the share price declines. Those businesses with strong management, sophisticated science and technologies, solid balance sheets and innovative products have been at the top of our shopping list. We also added new companies in the gene therapy space that we have always had an eye on but felt were too expensive and far too widely owned.

1 References to returns and performance contributions in this Platinum International Health Care Fund report are in AUD terms.

In other news during the quarter, Thermo Fisher Scientific finally announced its plans to acquire Qiagen, a company we have owned for some time. Qiagen's products are currently in high demand as they provide RNA[2] extraction kits as well as diagnostic tests for SARS-CoV-2.

Commentary

Biotech is an industry that thrives on challenges; good scientists do not take 'no' for an answer. It is this mindset that motivates the scientific community to counter this new coronavirus and it was also that exact same determination that helped establish today's biotech industry.

DNA and genetic engineering lie at the foundation of the biotech industry and the seminal work for today's protein therapeutics dates back to the 1970s. At that time, Herbert Boyer and Stanley Cohen showed that a gene from one organism can be transferred to another, involving enzymes that cut the DNA as well as enzymes that 'ligate' (put together) fragments of DNA.[3] The end result is that the target organism is able to produce a gene product from the artificially inserted gene and essentially turn 'cells' into manufacturing sites. Herbert Boyer went on to co-found Genentech together with venture capitalist Robert Swanson, each investing US$500 in 1976. Two years later, recombinant insulin was made. Today, we see genetic engineering and biomanufacturing as standard operating procedures. However, in the 1980s the pharmaceutical industry was

2 Ribonucleic acid (RNA) is a polymeric molecule essential in various biological roles in coding, decoding, regulation and expression of genes.

3 These enzymes were identified in the 1960s.

Disposition of Assets

REGION	31 MAR 2020	31 DEC 2019	31 MAR 2019
North America	36%	33%	36%
Europe	32%	31%	24%
Oceania	11%	13%	13%
Asia	7%	7%	6%
Japan	7%	7%	4%
Cash	7%	10%	17%
Shorts	-5%	-2%	-8%

See note 3, page 44. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	31 MAR 2020	31 DEC 2019	31 MAR 2019
Biotechnology	49%	46%	43%
Pharmaceuticals	29%	30%	24%
Life Sciences Tools & Services	11%	11%	8%
Consumer Staples	0%	0%	1%
Health Care Providers & Services	0%	1%	0%
Health Care Technology	0%	0%	-1%
Health Care Equip & Supplies	-1%	1%	0%
TOTAL NET EXPOSURE	88%	89%	75%

See note 4, page 44. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
BioNTech	Germany	Biotechnology	6.1%
SpeeDx Pty Ltd	Australia	Biotechnology	5.7%
Takeda Pharma Co	Japan	Pharmaceuticals	3.8%
Sanofi SA	France	Biotechnology	3.7%
Gilead Sciences Inc	US	Biotechnology	3.3%
Roche Holding AG	Switzerland	Pharmaceuticals	2.9%
UCB SA	Belgium	Pharmaceuticals	2.6%
Quanterix Corp	US	Life Sciences Tools	2.2%
Astellas Pharma	Japan	Pharmaceuticals	2.1%
Moderna Inc	US	Biotechnology	2.0%

As at 31 March 2020. See note 6, page 44.
Source: Platinum Investment Management Limited.

Net Currency Exposures

CURRENCY	31 MAR 2020	31 DEC 2019	31 MAR 2019
US dollar (USD)	47%	45%	51%
Euro (EUR)	23%	19%	10%
Australian dollar (AUD)	11%	14%	2%
Japanese yen (JPY)	7%	7%	16%
Hong Kong dollar (HKD)	4%	3%	2%
Swiss franc (CHF)	4%	4%	7%
British pound (GBP)	3%	6%	8%
Swedish krona (SEK)	1%	1%	2%
Danish krone (DKK)	1%	2%	1%
Korean won (KRW)	0%	0%	-1%
Norwegian krone (NOK)	0%	0%	2%

See note 5, page 44. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.
For further details of the Fund's invested positions, including country and industry breakdowns and currency exposures, updated monthly, please visit https://www.platinum.com.au/our-products/pihcf.

focused on chemical synthesis, and all this recombinant DNA technology to make drugs was considered ’unproven’. Yes, it was great to test in the laboratory, but therapeutics pharmaceutical (pharma) executives were not convinced at all. The team at Genentech was not at all deterred by the lack of interest by pharma and continued on its path.

Today, biotech and pharma companies alike make ever-more complex protein therapeutics and develop formulations that make them last longer in human bodies, while biomanufacturing processes are being optimised to offer better yields. Pharma companies highlight their depth of protein-engineering capabilities at every possibility.

As investors, it is important to identify these unproven new technologies and the people driving these scientific advances. While the technology alone is interesting, it requires determined people to exploit it and challenge the traditional way of doing things. Timelines can be long and setbacks are a given, but these disruptive approaches can fundamentally change an industry.

The vaccine industry has seen limited disruption. There have been a number of new vaccines developed, but there are considerably fewer biotechs in this sector compared to the large number developing antibodies. The vaccine industry today is dominated by four companies: GSK, Pfizer, Merck and Sanofi. Making today’s vaccines is costly, requiring significant manufacturing ‘knowhow’ and involves making millions of dosages containing viruses or parts of the pathogen, or in the case of influenza, requires a new vaccine each year. Vaccines are for healthy individuals and as such require a pristine safety profile to receive regulatory approval.

In the years to come, we expect that vaccines will play a much greater role in not just preventing infections, but also in treating diseases. This will, however, require a rethink of how vaccines are manufactured, which will provide investment opportunities. As mentioned above, vaccines aim to induce an immune response, essentially mobilising the immune system to attack a future invader. Traditionally, the invader is a bacteria or a virus, but it can easily be anything that’s not supposed to be there, like a tumour. The proteins of the tumour that elicit the immune system need to be identified and then combined into a cancer vaccine. Using the traditional manufacturing approach of growing an attenuated virus in eggs or cell lines or making each protein in steel vats and following the vaccine clinical development guidelines, makes a cancer vaccine a very difficult commercial opportunity.

Using messenger RNA (mRNA) as the ’vaccine/drug’ modality could be the solution. Genes dictate how a protein should look; making it, however, requires an intermediary molecule called mRNA. This molecule makes a copy (transcription) of a gene, which then functions as the template for making proteins (called translation). Once those proteins in the tumour sample have been identified as ‘immunogenic’ you can determine the mRNA and make it in a significantly smaller number of steel vats at a fraction of the time and cost. A mixture of these mRNAs can then be injected into the patient who essentially functions as its own manufacturing site. Today, BioNTech, a German biotech, together with Genentech/Roche produce a personalised cancer vaccine in about six weeks after receiving the patient’s tumour sample, which is down from three months.

The flexibility and speed of using mRNA could have wide ramifications for the vaccine industry as well as the broader therapeutics industry. Within 63 days, US biotech, Moderna was able to select the antigen sequence, choose an mRNA SARS-CoV-2 vaccine prototype, make clinical trial material and give a dose to the first patient. BioNTech will shortly follow with its SARS-CoV-2 mRNA candidate (supported by Pfizer and China’s Fosun). Recently, Sanofi also expanded its relationship with another mRNA biotech, Translate Bio to develop a SARS-CoV-2 mRNA vaccine. Interestingly, Sanofi has already been working on a more traditional vaccine for this virus but obviously wants to hedge its approach.

Feedback we frequently receive from vaccine manufacturers is that mRNA is unproven. As we highlighted above, new therapeutic modalities are always unproven to begin with and it is the hard work and perseverance of scientists and senior management that turn it into a proven and commercial opportunity. Both Moderna and BioNTech have such dedicated teams in place.

Outlook

A pandemic crisis like the one we are witnessing today, brings to light many challenges within different healthcare systems. Once we come out on the other side we need to learn from what has happened. Paul Hudson, CEO of Sanofi recently wrote an article in the Frankfurter Allgemeine Zeitung (FAZ) on the preparedness, pandemic coordination and drug manufacturing in Europe, key subjects he feels need to be addressed. As investors in the healthcare sector, we expect that these dramatic times will create new investment opportunities, particularly in the biotech sector. We are already seeing venture funds raising money for new investments, so while we cannot predict when the world will return to work, we know it will happen.

Platinum International Technology Fund

Alex Barbi
Portfolio Manager

Cameron Robertson
Portfolio Manager

Performance

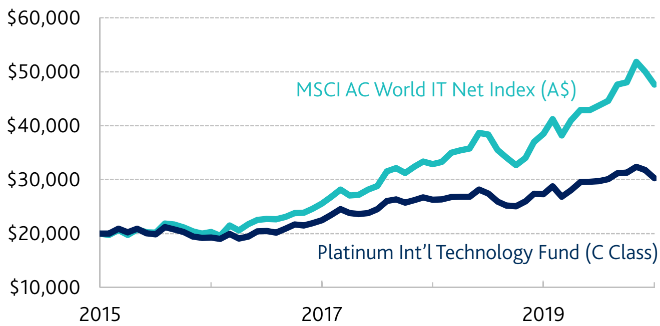
(compound p.a.+, to 31 March 2020)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Tech Fund*	-3%	11%	10%	9%	9%
MSCI AC World IT Index^	-1%	24%	23%	19%	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 44. Numerical figures have been subject to rounding.

Value of $20,000 Invested Over Five Years

31 March 2015 to 31 March 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.
See notes 1 & 2, page 44.

The Fund (C Class) returned -3.1% for the quarter and 10.8% for the year.[1]

While the first month of the quarter started with improving prospects for technology stocks, sentiment quickly deteriorated once the damage inflicted by the coronavirus (COVID-19) epidemic on global economic growth became more apparent.

During the quarter, global stock markets experienced extreme volatility and technology stocks were not immune. Such a sharp correction in a relatively short period of time is almost unprecedented. In the period from 19 February to 18 March, the tech-heavy Nasdaq Composite index declined by 29% and then rallied 10% for the remaining period to 31 March in local currency terms.

The most affected holdings in the Fund were companies exposed to international tourism (**Booking Holdings** -34%), online car sales and advertising (**Carvana** -40% and **Bitauto** -30%), as well as semiconductor companies, which are more dependent on automotive and industrial demand (**Infineon** -34% and **Microchip Technology** -35%).

Software names, such as **Microsoft** (flat return) and **Constellation Software** (+1%), were more resilient, with their businesses considered to be more 'essential'. Also on the positive side of the ledger was **JD.com** (+15%), benefiting from a recovery in e-commerce transactions in China.

The Fund had minimal exposure to the Australian dollar during the quarter and its decline against all major counterparts provided a positive contribution to performance.

Changes to the Portfolio

As it became gradually clear that COVID-19 was not a 'simple flu' or an issue confined to supply chain disruptions in China, but rather a serious global pandemic, we reduced some of the Fund's positions and exited others. The extent and speed of the market correction soon presented us with some very attractive prices relative to our long-term valuation models.

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 in local currency terms and sourced from FactSet unless otherwise specified.

The drastic price corrections in some of our favourite holdings gave us the opportunity to selectively increase some of our existing positions (including the names mentioned above). While these companies will likely suffer in the short term and it is very difficult to make any predictions on the duration of the incoming global recession, we believed the entry prices offered us a decent margin of safety.

We also introduced a few new positions in the emerging cloud software space and wireless infrastructure companies, which were unduly penalised by the market sell-off, but we believe offer very exciting long-term potential when the economy recovers. The Fund had a net invested position of 84% at the end of the quarter.

Commentary

It is interesting to review how the current medical emergency has impacted everybody's lives and also changed people's working habits, prompting many people to quickly adopt emerging technologies.

The 'work from home', 'stay at home' and 'social distancing' policies are forcing us to modify our daily behaviours and adapt to a new way of life. Many of us have changed our daily routines and no longer commute to the workplace; we have now set-up offices at home and sign-in remotely to our employer's Virtual Private Network (VPN) or access other services through cloud-based computing.

A rush to set-up workstations and screen monitors with reliable internet connections has driven extra demand for hardware, broadband connectivity and capacity, and cloud services. Anecdotally, computer resellers have experienced strong demand for laptops, while IT hardware distributors have noticed accelerated drawdown of their inventories as workers and students now work and study from home. **Intel** and **Microsoft**, two holdings in the Fund, are playing a significant role in supplying key components for PC, software and cloud applications.

To bridge the gap created by social distancing, people have also rushed to install and use new communication/collaboration tools, allowing better interaction with co-workers, fellow students, teachers, family and friends. Microsoft revealed that its Teams collaboration and communication platform that provides services including workplace chat and video meetings, had experienced a 775% increase in monthly users in Italy, where social-distancing measures and 'shelter in place' orders have been enforced. Microsoft Teams reported that over 900 million meeting and calling minutes a day were generated by 44 million daily users over a space of a single week. Microsoft's Skype video and audio call service also recorded a strong acceleration in usage, with subscribers reaching 40 million, representing a 70% month-on-month increase and calling minutes up 220%.

Such an acceleration in the usage of bandwidth intensive services is placing strains on existing telecom and internet infrastructure. **Vodafone,** the world's second-largest mobile operator, with a presence in the UK, Italy, Spain and Germany, said the COVID-19 crisis was causing data traffic on its networks to surge, with demand already rising by 50% in some markets. In China, earlier this year slowdowns in internet speed were reported in the Hubei area during the lockdown period. **China Mobile** the world's largest mobile wireless operator has recently been more vocal with its plans to accelerate its new 5G high speed/low latency wireless network roll-out. All major telecom operators around the world where social distancing measures are in place have experienced stress in their networks and are sending engineers in the field to add further capacity (equipment, software, submarine cables and spectrum). **Ericsson,** a leading provider of wireless telecom equipment, recently confirmed that it had to increase support to its customers and see the trend continuing in the medium term.

In Europe, as people stay at home and watch more videos online, telecom regulators have asked Netflix, **Google's** YouTube and other video streaming services to reduce the size of the files transmitted over the increasingly congested networks. As a result, the services are now temporarily delivered at standard rather than high definition or at reduced bitstreams. For the same reasons, Disney decided to delay the launch of its new video streaming service in France.

While people stay at home, they are also spending more time playing online games. According to the independently-run *SteamDB*, the online digital games marketplace, Steam reached an all-time peak number of online users almost every day for the last few weeks of March. As at 31 March, Steam recorded 23.6 million simultaneous users, up from the previous high of around 19 million only achieved a month before.

Game enthusiasts are not only increasing the amount of time spent in front of their screens, but are also rushing to buy new consoles. According to industry publisher *gamesindustry.biz* for week 12 of 2020 (Monday, 16 March - 22 March), game console sales rose by 155% to 259,169. This was across the board, with significant gains for Nintendo Switch, PlayStation 4 and Xbox One.

While some of the patterns and behaviours described above will probably only be temporary spikes, others may well accelerate trends that otherwise would have taken much longer to establish. Many of the Fund's holdings are strategically selected to potentially benefit from these trends.

Disposition of Assets

REGION	31 MAR 2020	31 DEC 2019	31 MAR 2019
North America	54%	51%	48%
Asia	23%	22%	19%
Europe	8%	9%	11%
Japan	1%	2%	1%
Cash	14%	16%	21%
Shorts	-2%	-2%	-3%

See note 3, page 44. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	31 MAR 2020	31 DEC 2019	31 MAR 2019
Information Technology	48%	47%	42%
Communication Services	26%	24%	26%
Consumer Discretionary	6%	6%	4%
Industrials	4%	5%	4%
TOTAL NET EXPOSURE	84%	82%	76%

See note 4, page 44. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Currency Exposures

CURRENCY	31 MAR 2020	31 DEC 2019	31 MAR 2019
US dollar (USD)	53%	59%	61%
Korean won (KRW)	8%	9%	7%
Hong Kong dollar (HKD)	8%	6%	9%
Australian dollar (AUD)	7%	4%	0%
Euro (EUR)	7%	5%	3%
Canadian dollar (CAD)	4%	4%	3%
Taiwan dollar (TWD)	4%	3%	3%
Norwegian krone (NOK)	3%	3%	3%
Japanese yen (JPY)	2%	4%	6%
British pound (GBP)	2%	2%	2%
Swedish krona (SEK)	2%	1%	1%
Swiss franc (CHF)	0%	0%	1%

See note 5, page 44. 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/pitf.

Outlook

It is not easy to predict when the current volatility and risk aversion in markets will reverse, or how quickly the global economy will recover from the inevitable recession. We can, however, take advice from scientific experts (including our colleague Dr Bianca Ogden, portfolio manager for the Platinum International Health Care Fund and virologist) and monitor how things are evolving in China, where the virus was first diagnosed in late December 2019.

After three months of government-imposed draconian measures to stop the contagion, Chinese citizens are slowly returning to a 'new normal' life. While people venturing outside still wear face masks and have their body temperatures measured at various checkpoints, workers are returning to their factories and several indicators suggest that the economy is slowly heading back towards full capacity. There are likely to be re-lapses in infections and possibly more selective lockdowns until the epidemic exhausts itself or a cure (vaccine) is found. In the Western world, we are likely to see countries follow different paths according to the severity of contagion and the policies they have adopted.

While there is still little visibility on the timeline of when a vaccine will be ready or how long it will be before a large enough portion of the population is immunised, it is reasonable to expect that it will be a very slow, painful and costly exercise, but ultimately a solvable one.

As we navigate through this economic storm with a broad range of estimates on the potential damage inflicted to the businesses we own, we rely as always on our specific knowledge of the companies we invest in and the robustness of their business models in the face of adverse conditions. We have constructed the portfolio accordingly and remain confident that we can weather the storm.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Alphabet Inc	US	Comm Services	7.0%
Tencent Holdings	China	Comm Services	4.9%
Facebook Inc	US	Comm Services	4.5%
Samsung Electronics Co	Korea	Info Technology	4.4%
Constellation Soft	Canada	Info Technology	3.6%
Taiwan Semiconductor	Taiwan	Info Technology	3.6%
Skyworks Solutions	US	Info Technology	3.2%
Microsoft Corp	US	Info Technology	2.7%
Microchip Technology	US	Info Technology	2.7%
Intel Corp	US	Info Technology	2.7%

As at 31 March 2020. See note 6, page 44.
Source: Platinum Investment Management Limited.

Glossary

Dividend yield

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

Earnings yield

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

Enterprise value (EV)

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

Price-to-book ratio (P/B)

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

Price-to-earnings ratio (P/E)

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

Price-to-sales ratio (P/S)

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

Purchasing Managers' Index (PMI)

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

Quantitative easing (QE)

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

Shorting

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

Yield

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

Yield curve

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

A Holiday of Tranquillity and Joy, Myanmar

by Kerr Neilson

We were somewhat surprised by the response of friends enquiring why we should choose Myanmar for a two-week holiday. As we regard holidays as an opportunity to explore, and at times to extend, our cultural experience, the multi-ethnic country that the British colonists once named Burma seemed a great choice. I took the family there some eighteen years earlier and had a blissful time.

Having once been a wealthy and highly prosperous country Myanmar lost global status and economic significance during its experiment with socialism and this was followed by a highly unimaginative military government. They were evidently economic troglodytes and managed to allow a reasonably coherent economy to fall to insignificance. This is exemplified by the currency's slide from once being close to par with the US dollar. This is to the great fortune of tourists. With the return to a more representative government from 2012, the country has entered a massive boom. However, as is so often the case, this rejuvenation tends to be most evident in the cities and then gradually washes further afield. In tourist terms, that means that the countryside remains unspoiled and the population untarnished by the global standardisation that is making travel so uniform. You will struggle to find many icons of Western capitalism - the sort of companies we own in our brands fund - in fact, billboards are rare and the closest one comes to brash promotion is the local liquor advertisements above shop fronts. Even in the cities there are remarkable few barking noisy intrusions.


The Golden Rock.

In my view, embellishing this whole experience is the evident commitment to Buddhism. This pervades every nook of this beautiful land; from the sharing of tasks in small villages to the bustle in Yangon's (formerly Rangoon) extensive central market. People are polite, reverential towards the monks, give generously as the monks do their morning rounds seeking food or financial support. Perhaps even medieval but so unlike our busy and often self-important lives. This alone is reason to spend time in this paradise. Though my description may sound gushing, be assured your chance to enjoy a truly delightful holiday fades by the year as Myanmar gradually rises in the rankings of economic development.


The great Ayeyarwady River.

What to do?

We chose to follow a different route to that of 18 years ago. Starting in Yangon, we spent two days experiencing the old city and neighbouring satellite villages across the great Ayeyarwady River by a crowded ferry. (Bright plastic stackable seats are provided at a discriminately high fare for foreigners rather than hard wooden benches!) It is enlightening to experience the pilgrimage to the Shwedagon Pagoda but the heart of the trip starts once you move away and drive south east to visit the Golden Rock followed by a flight to Mandalay and motor or boat down the Ayeyarwady River to Pagan with its fabulous display of stupas and shrines dating back to the 13th century and then fly to the floating gardens of Inle Lake. Two nights in each will suffice, but if you have the time, spending it at Inle Lake to take advantage of great walks is highly recommended. (There can be a fair amount of motoring but it allows one to see more than when one is 10,000 metres high in the air.)

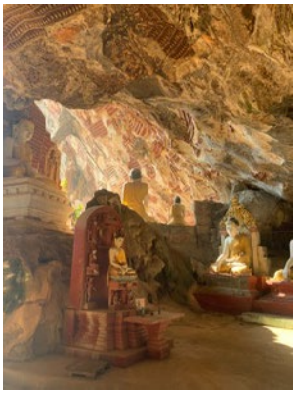
It is difficult to say that there is any one great thing about Myanmar. I suppose the real joy comes from the physical beauty of the place, it's unusual light, the delightful people, exquisite food, the smell of which, incidentally does not pervade the air as is common in Asia, and the absence of hard-nosed commercialism. There is also endless scope for shopping if you like collecting handcrafts of some distinction.

I think it is this last point that captures one. In this digital age where miracles are taken for granted, the ability to experience an almost medieval social structure is pacifying. It is as though one is participating in a Bruegel painting where


The loading of earthenware pots made in the village.

all is happening in broad sight and there is an accompanying sense of teamwork and achievement. Remarkably, one cannot easily observe a command structure as they each pursue their tasks in harmony and exude a sense of fulfillment.

Nearly everything is still done by hand. One could observe the process from its most rudimentary beginnings to a final product, be it rice planting to boat building, cigar wrapping and weaving, rice cracker making, harvesting sugar cane and converting it to molasses, the pounding of gold to produce gold leaf one thousandth of a millimetre thin, the making of earthenware water pots from the recovery of the clay on the banks of the Ayeyarwady, to the throwing and subsequent shaping of round-bottomed pots by beating, to firing in a stand-alone furnace, and to the final loading onto slim motorised boats that ply the rivers of Myanmar. There are also the more intricate arts of hand weaving, lacquer ware-making and the performing arts of dance and puppetry. I think deep down it appeals to one's sense of completeness. In a world that is so specialised and where one is simply a small cog in a highly complex machine and seldom knows the full outcome, it is easy to become jaundiced. This can be an authentic experience rather than a make-believe world packaged for the benefit of gullible travellers.


Myanmar is a deeply spiritual place.

It is all the more real if one experiences a home stay in a modernised traditional house. Spending an afternoon and night in a mountain village was certainly not staged. We were surprised how cold it became through the evening and all the romance of idyllic thatched roofs and cane-woven side walls was rudely annulled as the temperature in our room dropped to around eight degrees. Most testing of all was the shared ablution block. This comprised an external toilet and a separate small bath chamber, which offered an open space beside a large raised tiled water tank. From this, one scooped ice-cold spring water in a cheap plastic bucket to douse one's shivering body while standing in a larger splayed aluminium dish. This water was subsequently cast over the adjoining flower bed. Groping one's way down unlit stairs to the toilet in the middle of the night, to find relief from imbibing too much ginger tea, without disturbing our hosts whose bed chamber one passed through to get to the stairs, was the second solid test. However, the 11-kilometre hike, to gain 800 metres of elevation in the searing sun to get to this village, had already set the tone. A good breakfast of rice pancakes and black tea, which we embellished with condensed milk procured from the only shop in the 900-person village, for 10 cents a plastic tube, prepared us for the next leg. This was downhill among glorious fields of garlic, snow peas, beans and corn, with the track mostly shaded by great trees. We were further rewarded by seeing many small clumps of Teak trees, a species that had once dominated this landscape and which has now become a sound investment proposition at $1,000 a ton.

Time around Inle Lake was spent seeing monasteries, cycling to the surrounding villages and eating their wonderful food. It is very different from Indian cuisine, with no use of curry leaves, nor gee and not much cumin; plenty of garlic, ginger, turmeric, tamarind, heaps of peanut oil and sesame in all forms, and a surprising wide variety of vegetables from eggplant to fermented tea and banana flowers. Dairy products are scarce, as is wheat, so the digestive system is promised a thorough clean out, as long as one stays the course. This is easy!

I urge you to think of Myanmar as an interesting holiday destination. If you enjoy peace and quiet, natural beauty and have interest in looking at processes of old, you will be more than satisfied. I was truly delighted to see the material advancement of this country and how it has progressed under more enlightened leadership - though some will be quick to remind me of the miserable treatment of the Bengali settlers and so on. Having now made peace in a world that is led by leaders who are strangers to the truth or outright knaves, I try to choose my battles and deal with things I might possibly influence.


Delightful locals on their way to the market.

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.

A number of articles, webinars, videos and podcasts on COVID-19 (coronavirus) and the implications for markets were posted on our website during the past quarter. Highlights include:

- **Dr Bianca Ogden talks COVID-19, Healthcare Stocks and what the Future Holds.**[1] Dr Bianca Ogden, virologist and manager of the Platinum International Health Care Fund and Julian McCormack, Investment Specialist talk on a podcast with Gemma Dale at NAB.
- **Platinum Webinar.**[2] During the quarter, Platinum held its 2020 capital city investor and adviser roadshow. The last remaining adviser roadshows were cancelled due to COVID-19 and in their place we conducted a webinar for advisers and investors on 19 March. The content was revised substantially from the original roadshow presentation (see below).
- **Platinum Roadshow.**[3] For those readers who would like to view the original roadshow, a video of the Melbourne investor presentation is also available. The investment themes covered by our CIO, Andrew Clifford still remain relevant today.

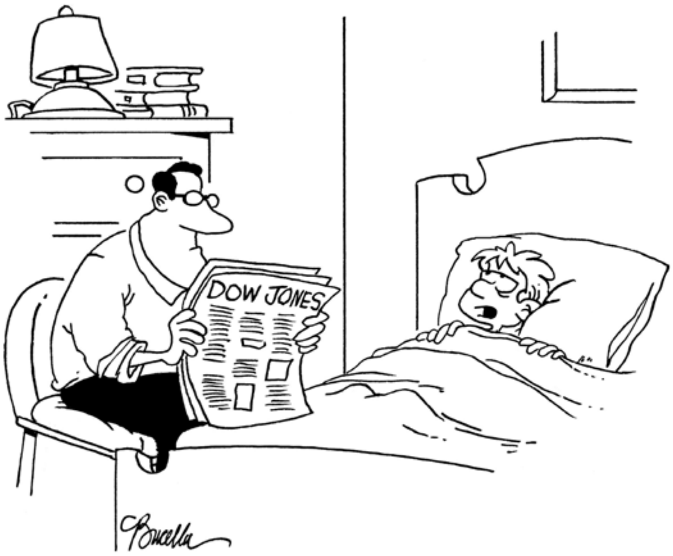
We have continued to produce our **monthly video** series, however, we have delayed releasing them due to COVID-19, as we felt our investors would prefer to hear more about our thoughts on the virus, market outlook and portfolio positioning. We will release these at an appropriate time, so please keep an eye out for these on our website. One video we did release though, which was in keeping with the focus on health care and biotechs is below:

- **Biotechs – Driving Innovation and Evolution in Global Healthcare.**[4] Dr Bianca Ogden shares her excitement for the rapidly growing biotech sector. From gene sequencing, to new drug modalities and molecular profiling – biotechs are playing a leading role in transforming our lives.

1 https://www.platinum.com.au/Insights-Tools/The-Journal/Audio-A-virologist-and-portfolio-manager-talks-C
2 https://www.platinum.com.au/Insights-Tools/The-Journal/Platinum-Adviser-Webinar-2020
3 https://www.platinum.com.au/Insights-Tools/The-Journal/Platinum-Roadshow-2020
4 https://www.platinum.com.au/Insights-Tools/The-Journal/Biotechs

From early May, estimates for the forthcoming 30 June distributions by the Platinum Trust Funds will be made available online (and updated weekly) at www.platinum.com.au/About-Platinum/Company-News

Some Light Relief



"I'm too tired to hear the whole story. Who wins, the bear or the bull?"

"Of all the markets, in all the world, you had to walk into mine."

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 market value of the Fund's positions, the Fund's effective exposures to the relevant countries/regions through direct securities holdings and long derivatives of stocks and indices. "Shorts" relates to the effective exposures to short securities and short securities/index derivative positions.
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

MSCI Disclaimer

About us

Investor services numbers

Monday to Friday, 8.30am – 6.00pm AEST

1300 726 700

0800 700 726
New Zealand only

Or visit us at our office

Level 8, 7 Macquarie Place, Sydney

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

The firm was founded in February 1994 by a group of professionals who had built an enviable reputation. The investment team has grown steadily and Platinum now manages around A$22 billion. Platinum's ultimate holding company, Platinum Asset Management Limited (ASX code: PTM), listed on the ASX in May 2007, and Platinum's staff continue to have relevant interests in the majority of PTM's issued shares.

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

* Please refer to page 2.

Platinum
ASSET MANAGEMENT

Level 8, 7 Macquarie Place
Sydney NSW 2000

GPO Box 2724
Sydney NSW 2001

Telephone
1300 726 700 or +61 2 9255 7500
0800 700 726 (New Zealand only)

Facsimile
+61 2 9254 5590

Email
invest@platinum.com.au

Website
www.platinum.com.au