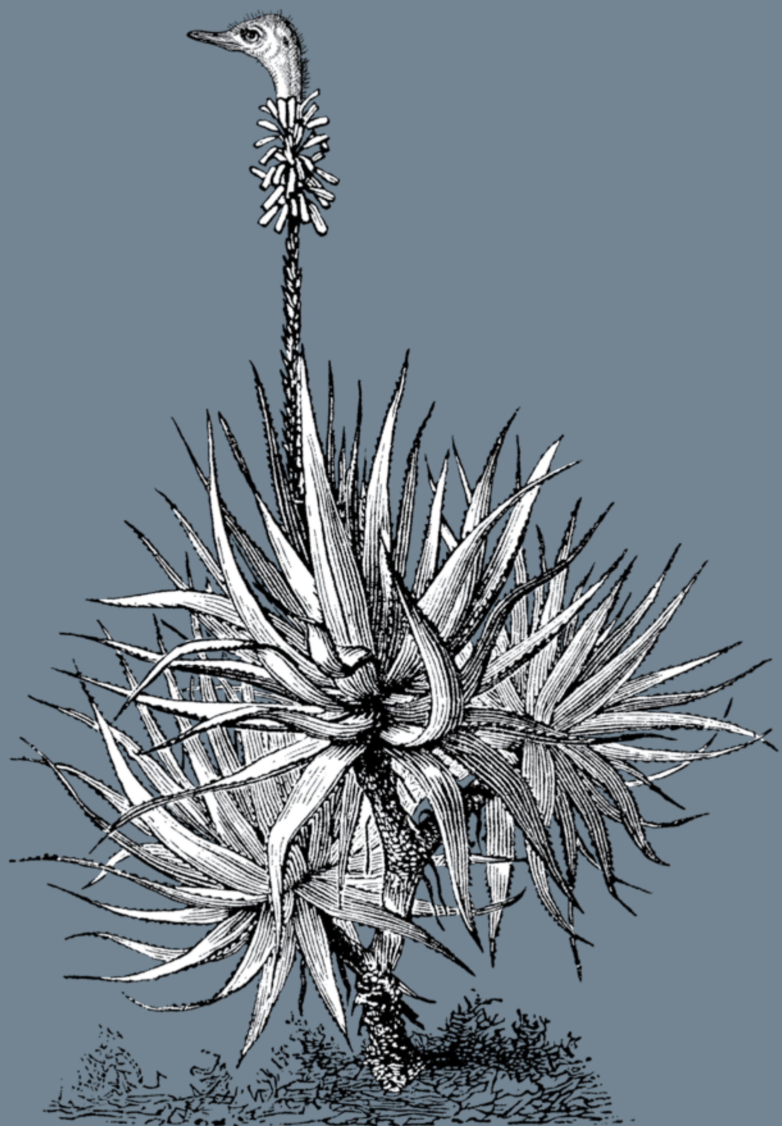
Platinum International Fund
Platinum Unhedged Fund
Platinum Asia Fund
Platinum European Fund
Platinum Japan Fund
Platinum International Brands Fund
Platinum International Health Care Fund
Platinum International Technology Fund

Platinum® ASSET MANAGEMENT

Quarterly Report

30 SEPTEMBER 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

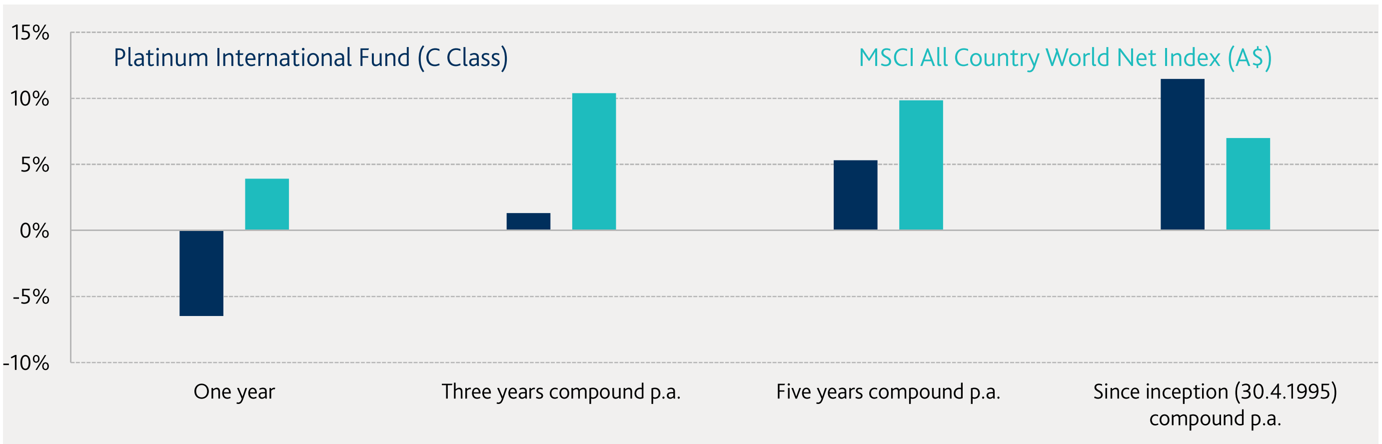
Performance Returns to 30 September 2020

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)	**7,639.3**	**0.7%**	**-6.5%**	**-1.1%**	**1.3%**	**5.3%**	**11.5%**	**30 Apr 1995**
Platinum International Fund (P Class)	17.3	0.7%	-6.3%	-0.9%	1.4%	-	2.9%	3 Jul 2017
MSCI All Country World Net Index (A$)		3.9%	3.9%	6.3%	10.4%	9.9%	7.0%	30 Apr 1995
Platinum Unhedged Fund (C Class)	**188.8**	**-0.3%**	**-8.2%**	**-3.9%**	**1.3%**	**6.6%**	**9.6%**	**28 Jan 2005**
Platinum Unhedged Fund (P Class)	1.5	-0.3%	-7.9%	-3.7%	1.3%	-	2.8%	3 Jul 2017
MSCI All Country World Net Index (A$)		3.9%	3.9%	6.3%	10.4%	9.9%	7.4%	28 Jan 2005
Platinum Asia Fund (C Class)	**4,661.8**	**9.7%**	**25.2%**	**14.0%**	**10.9%**	**11.5%**	**14.6%**	**4 Mar 2003**
Platinum Asia Fund (P Class)	9.8	9.3%	24.1%	13.6%	10.6%	-	12.0%	3 Jul 2017
MSCI All Country Asia ex Japan Net Index (A$)		6.3%	10.9%	7.2%	8.1%	10.1%	10.1%	4 Mar 2003
Platinum European Fund (C Class)	**521.6**	**-1.6%**	**-15.2%**	**-7.4%**	**-1.0%**	**3.6%**	**10.3%**	**30 Jun 1998**
Platinum European Fund (P Class)	2.8	-1.6%	-15.0%	-7.1%	-1.0%	-	0.5%	3 Jul 2017
MSCI All Country Europe Net Index (A$)		0.1%	-7.3%	-0.5%	2.3%	3.8%	2.8%	30 Jun 1998
Platinum Japan Fund (C Class)	**569.7**	**2.5%**	**-7.1%**	**-0.1%**	**1.9%**	**6.0%**	**13.3%**	**30 Jun 1998**
Platinum Japan Fund (P Class)	2.9	2.6%	-6.8%	0.2%	2.1%	-	3.7%	3 Jul 2017
MSCI Japan Net Index (A$)		2.7%	0.6%	1.4%	7.1%	7.1%	3.0%	30 Jun 1998
Platinum International Brands Fund (C Class)	**542.0**	**7.3%**	**6.7%**	**4.6%**	**5.6%**	**9.5%**	**12.0%**	**18 May 2000**
Platinum International Brands Fund (P Class)	1.5	7.4%	7.0%	4.9%	5.8%	-	7.2%	3 Jul 2017
MSCI All Country World Net Index (A$)		3.9%	3.9%	6.3%	10.4%	9.9%	3.6%	18 May 2000
Platinum International Health Care Fund (C Class)	**371.9**	**-1.7%**	**28.6%**	**11.2%**	**15.7%**	**12.3%**	**10.6%**	**10 Nov 2003**
Platinum International Health Care Fund (P Class)	6.9	-1.6%	27.6%	10.9%	15.3%	-	14.8%	3 Jul 2017
MSCI All Country World Health Care Net Index (A$)		0.5%	14.4%	9.4%	13.9%	9.4%	9.5%	10 Nov 2003
Platinum International Technology Fund (C Class)	**148.5**	**4.5%**	**19.9%**	**14.1%**	**13.3%**	**12.4%**	**10.0%**	**18 May 2000**
Platinum International Technology Fund (P Class)	2.7	4.5%	20.2%	14.4%	13.6%	-	13.6%	3 Jul 2017
MSCI All Country World IT Net Index (A$)		8.2%	36.2%	24.7%	27.5%	24.2%	3.4%	18 May 2000

Fund returns are net of accrued fees and costs, are pre-tax, and assume the reinvestment of distributions. Historical performance is not a reliable indicator of future performance. Source: Platinum Investment Management Limited for Fund returns and FactSet Research Systems for MSCI index returns. See note 1, page 40.

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

To 30 September 2020



Fund returns are net of fees and costs, are pre-tax, and assume the reinvestment of distributions. Historical performance is not a reliable indicator of future performance. Source: Platinum Investment Management Limited for fund returns and FactSet Research Systems for MSCI index returns. See note 1, page 40.

In Brief

Platinum International Fund

- Global equity markets continued their rally over the quarter, rising an additional 4%. While the global economy is recovering well, the damage in terms of business closures and job losses is far from clear. In the context of the extraordinary uncertainty, this is a surprising performance by markets.
- Underlying the headline numbers, we have a two-speed share market. The 'high-speed market' is forging strongly ahead, led by fast-growing stocks. Meanwhile, the 'low-speed market' comprises all the other stocks, that by and large are performing as expected during a major economic collapse.
- Over the course of the last two years, we have steadily reduced our exposure to these higher-growth names, which has impacted the Fund's performance. Prior to COVID, these companies had achieved generous valuations that on average implied poor future returns. The monetary and fiscal responses of central banks and governments around the world to the pandemic have created a huge inflationary pulse in asset prices, including these growth stocks.
- Cautious positioning of the portfolio, with respect to cash holdings and short positions, has also detracted from the Fund's performance. At an individual stock level, our holdings in LG Chem (+33%), FedEx (+79%) and Freeport-McMoRan (+35%) provided strong performance over the quarter.
- Our portfolio consists of companies that typically have strong positions in their respective industries, are poised to benefit as economies recover in the post-COVID era over the next three to five years, and are attractively priced relative to our assessment of their prospects. While the opportunities that we see in the Fund's holdings are reason to expect that reasonable investment returns can be produced, there are likely to be many market, political and economic surprises ahead.

Platinum Unhedged Fund

- There was little change in the value of the Fund over the quarter. Despite some strong gains in a number of our positions, these were offset by the strength in the Australian dollar and falls elsewhere.
- Major positive contributors included FedEx, which benefited from the boom in parcel demand, and LG Chem, which gained on increasing consumer demand for electric vehicles post COVID. Offsetting these gains were falls in Chinese property owner and developer China Overseas Land & Investment, which weakened on new government restrictions around debt financing for property development, and ZTO Express, which fell on fierce price competition.
- Economic data has recovered far faster than the post-GFC crisis period, particularly in China and the US. Aided by governments' willingness to spend, we feel there are enough positive drivers to ensure the recovery continues. While the cyclical tilt in the portfolio reflects the relative value on offer rather than a macro view, we believe these holdings should perform well if investor confidence in the environment grows.

Platinum Asia Fund

- Most Asian economies witnessed a robust rebound in activity over the quarter. The re-opening of economies post lockdown has affirmed our belief that strong companies would emerge stronger while the weaker competitors would dwindle, and that working from home would accelerate some inexorable trends driven by internet connectivity.
- The stocks we added to during the sell-off reflected this conviction with many delivering remarkable returns, including Reliance Industries (+31%), LG Chem (+33%) and Taiwan Semiconductor Manufacturing (+38%). Stocks benefiting from the re-opening of economies included China Tourism (+45%), Focus Media (+45%), Huazhu (+23%) and Li Ning (+46%).
- The Fund's exposure has been pre-emptively reduced to take into account the possibility of a broader market consolidation. Economic prospects for the Asia region are, however, uniquely favourable. Reforms are taking place. The pandemic is well controlled. Stimulatory policies have thus far been limited and the local authorities will hence have significant flexibility on the policy front if needed. The Fund will continue to deploy capital in attractive and strong businesses that we believe are still under-appreciated by the markets.

Platinum European Fund

- European equities were flat over the quarter. Initially the market narrative centred on signs of recovering economic activity as lockdown measures were eased. This gave way to concerns that a second round of lockdown measures would be needed to contain a renewed surge in COVID infections.
- The Fund's investment in travel and healthcare were the primary reasons for its underperformance over the quarter, with both facing significant disruption from lockdowns.
- The near-term outlook for European equities remains delicately poised. We see many attractive investment opportunities arising from investors' reluctance to assume near-term risk. A corollary of investors' strong preference for safety is the huge opportunity it opens for those prepared to weather near-term uncertainty, which is precisely how our portfolio is positioned.

Platinum Japan Fund

- Significant gains by long-standing holdings such as Lixil (+40%), DeNA (+45%), Iida (+29%), Rakuten (+19%) and Eisai (+12%) were augmented by recent purchases, such as Eiken Chemical (+18% from purchase date), SBI Holdings (+16%), Nihon Unisys (+10%), SK Hynix (+12%) and Anritsu (+5%).
- The Fund has been positioned conservatively against a backdrop of significant uncertainty and disruption. This hedging has been achieved through short positions and owning lower-risk equities near historically low valuations. To the detriment to the Fund's performance, the short positions on expensive companies became significantly more expensive as the valuation dispersion across the market widened to historical extremes. The majority of short positions were removed mid-quarter.
- Against an unpredictable and turbulent global backdrop, the stability of the Japanese system stands out. While the political system seems to have transitioned calmly following seven years of Abenomics, corporate governance continues to improve while the relentless drive for product improvement is augmented by growing innovation and new product development. This is set against the backdrop of a 30-year psychological trough, low overall valuations and extreme valuation dispersion. We believe there are more than enough opportunities to construct an attractive portfolio in the Japanese stock market.

Platinum International Brands Fund

- The market's positive response to improving data related to the coronavirus outbreak in the US assisted the Fund's holdings in consumer discretionary stocks during the quarter. Concurrently, our positions in e-commerce and internet media businesses (including Carvana +86%, ASOS +50%) continued to benefit from an acceleration of the shift to digitalisation of consumption.
- Markets have certainly moved strongly ahead of any sustained economic recovery. Should fiscal stimulus continue to be reduced, we could see a flow-on effect on company earnings. That said, a large portion of our holdings are not yet pricing in a recovery, so we expect some cushioning should a further economic downturn eventuate, and continue to see significant potential across the Fund's positions.

Platinum International Health Care Fund

- Our Australian biotech holdings progressed nicely this quarter, notably Kazia Therapeutics (+100%), Telix (+30%) and Antisense Therapeutics (+100%). Gilead Sciences (-18%) and Galapagos (-31%) were key detractors from performance.
- There is no lack of newsflow in the coming months. The US election and data from vaccine trials will be watched closely, as will SARS-CoV-2 case numbers in the northern hemisphere. Deploying a vaccine is not an overnight exercise - it simply signals the next phase of this pandemic. We are watching the therapeutics pipeline carefully, as in the end, to combat the virus we will need both vaccines and therapeutics. The biotech sector has recovered at a rapid speed since March and is taking some time to consolidate. We remain steadfast and focused on the long-term opportunities within this sector.

Platinum International Technology Fund

- Top contributors to performance included Taiwan Semiconductor Manufacturing (+38%), Schibsted (+65%), Carvana (+86%), Facebook (+15%) and Samsung SDI (+19%). Our short positions were key detractors from performance, as investors' enthusiasm for cult stocks pushed some valuations well above even the most bullish scenarios.
- After a 46% cumulated surge in the Nasdaq over the last two quarters, questions abound on the sustainability of the current bull market in technology stocks, with valuations now above historic averages. There are undoubtedly plenty of uncertainties to deal with. While we cannot predict exactly the outcomes, we remain focused on understanding the companies we invest in, taking into consideration the geopolitical and macro background, and adjust the Fund's exposure accordingly.

Macro Overview

by Andrew Clifford, Chief Investment Officer

Over the last three months, stock markets have continued to rally strongly as economic activity started to recover from the depths of the COVID-induced recession. As a result of the lockdowns that have been put in place to control the spread of the virus, there have been significant changes in spending and working patterns across economies.

These changes, together with rapid and large increases in money supply, have unleashed a speculative mania in 'high growth' companies and other beneficiaries of the changing environment, while the balance of the market remains mired in a traditional bear market. **We believe extreme caution is warranted in regards to the market's current 'high flyers', while opportunities abound elsewhere.**

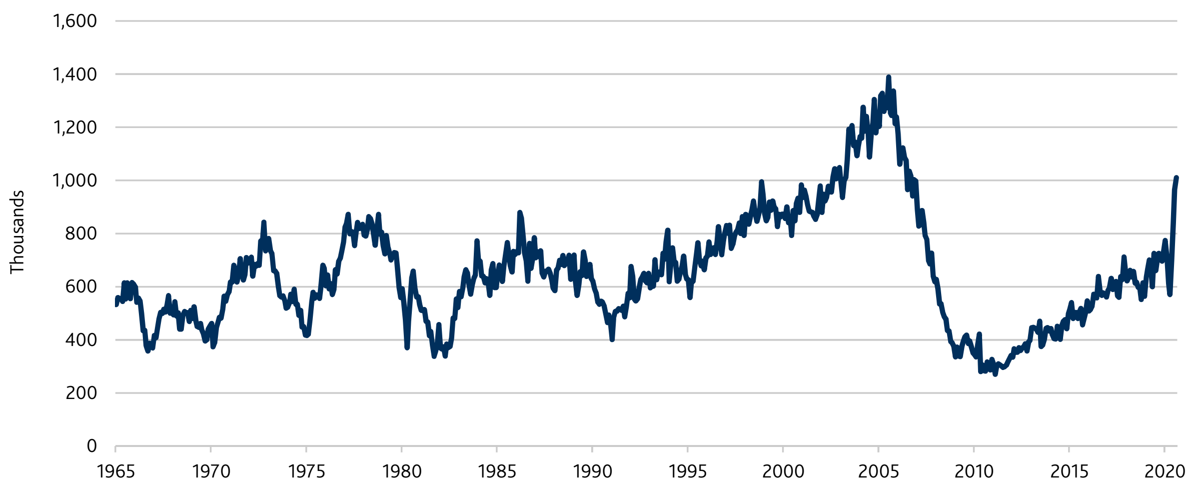
Not all changes in spending patterns will be sustained.

Many changes in our patterns of behaviour make entire sense given the circumstances. Faced with being either unable or not wanting to leave the house to shop, many consumers have taken to ordering groceries online for the first time. In many locations there is evidence of new adopters continuing to use such services, even as restrictions have eased. There are numerous examples that fit into this category, including video streaming services, such as Netflix or video conferencing products, such as Zoom.

Other changes have perhaps been somewhat more surprising. For example, in the US, we have seen extraordinarily strong new home sales (see Fig. 1). In one sense, the lift in home sales is understandable, as people opt for a different location and type of residence in an era of more flexible working arrangements, particularly the ability to work from home. The cost of financing major purchases, such as homes and cars, has fallen with lower interest rates. However, for households to be taking on such major financial commitments in the midst of a deep recession and extraordinary uncertainty is concerning.

What is often overlooked when observing these changing spending patterns is that they have been funded by the collapse in spending elsewhere, such as travel and restaurants. In a post-COVID environment, when people can once again spend money on such activities, the boost in spending in other areas will likely wane. For some areas, where activity has simply transferred from offline to online, such as grocery shopping, this may hold up, but even here, growth rates are likely to fade, as these businesses will have moved closer to maturity.

Fig. 1: New One-Family Houses Sold: United States



Source: Federal Reserve Bank of St Louis.

One area of changed spending that will likely persist for some time, is government spending. However, the emphasis of government spending will likely shift from shorter-term support measures, such as the JobKeeper Payment scheme in Australia, to longer-term projects, such as infrastructure and incentives for investment. Environmental initiatives to reduce the use of fossil fuels and plastics for instance, are likely to be an ongoing part of government spending in much of the world.

Changes in spending patterns have often reinforced investors' views of different sectors held prior to the pandemic.

Businesses that have benefited from changes in consumer behaviour were in many cases ones that were already growing quickly. Examples include most forms of e-commerce from online shopping to food delivery services, online computer games, and video streaming services. Other favoured investments prior to the pandemic included defensive investments, such as consumer staples, that have seen sales grow not only from stocking up pantries as the lockdowns came into effect, but from greater consumption as people spent more time at home. On the other side, more cyclical businesses that were already struggling as a result of the US-China trade war and low growth, such as commodity producers, have suffered even further due to the collapse in economic activity.

Over the last two years, we have discussed on numerous occasions how investors, faced with low interest rates, have sought better returns from asset classes that they might otherwise have avoided, such as equities. As this has come at a time when there was already great uncertainty, such as rising geopolitical tensions and with many traditional businesses disrupted by e-commerce and other technology, investors have shown a strong preference for perceived 'low-risk' businesses. Predominantly, these were in high-growth areas (i.e. e-commerce, payment systems and software as a service), as well as defensive businesses (i.e. consumer staples, real estate, utilities and infrastructure). At the same time, investors were avoiding businesses with any degree of uncertainty or cyclicality.

While some businesses (e.g. those in the travel-related sector including infrastructure such as airports, real estate such as CBD offices and shopping malls) have changed sides from being in the loved 'high growth and certainty' grouping to the neglected 'cyclical and uncertainty' grouping, by and large the economic impacts of the pandemic have reinforced investors' pre-existing views and preferences.

This is a particularly dangerous environment for investors as our cognitive biases come to the fore.

It is well documented that our cognitive biases[1] play a major role in our decision making, and when it comes to investing we are deeply exposed to the role these biases play. Our short summary is that investors tend to over-emphasise and over-extrapolate the short-term trends and events - both the good and the bad.

This makes the current moment in time particularly worrisome. Prior to the pandemic, investors already held enthusiastic views of the prospects of many of the fast-growing companies. These views have now been reinforced even further by the additional boost to revenues they have received. As share prices move rapidly higher, this further reinforces the idea that these companies make great investments.

Ultimately, the value of a business is determined by the entirety of its future profits, for 10 years and beyond. The question is whether the boost to the short-term picture justifies the significant share price rises that have occurred? In some cases, it may well do. We have seen some companies that were expected to be lossmaking for a number of years turn profitable far sooner. However, there is plenty of complexity in assessing the prospects of fast-growing companies, especially when one must make assessments of revenues and profits into the distant future.

1 Cognitive biases are the systematic ways in which we frame and process information, which can lead to irrational judgements and decision making. For a comprehensive read on the topic, please see Daniel Kahneman's *Thinking Fast and Slow.* Or for a much briefer overview, see our publication ***Curious Investor Behaviour*** as well as various other articles and materials at: https://www.platinum.com.au/Insights-Tools/Investment-Fundamentals/Curious-Investor-Behaviour.

The role of excess money creation provides an alternate story for why share prices of growth stocks are running hard.

While there is much discussion around the potential of the 'new economy' at the moment, the other factor at play in the rebound in markets is the rapid growth in money supply. As we discussed in our last quarterly update,[2] this increase in money circulating in the economy reflects the way governments have funded their monetary and fiscal policy initiatives. When the growth in money supply exceeds economic output, it will necessarily result in inflation. Although inflation has not yet appeared in goods and services (or the consumer price index), it has appeared in asset prices, such as bonds and some parts of the stock market. Is it the bright prospects of the growth stocks that have driven markets or the inflationary effects of the printing presses?

We would answer this question by looking at valuations. What we see across many of the much-loved stocks of the moment are valuations that are hard to justify no matter how bright their prospects are. As one example, the market value of Tesla today is around US$400 billion and the company is expected to sell in the order of 480,000 vehicles this year. This compares with Toyota, which is valued at just under US$200 billion and will likely sell around 9.5 million vehicles i.e. around 20 times more than Tesla.[3]

Of course, this simple comparison doesn't do justice to Tesla's achievements in leading the electric vehicle revolution and the developments they are driving in battery technology. Still it could be argued that Toyota, having launched the first hybrid electric vehicle, the Prius, in 1997, knows a thing or two about making and selling electric cars. The prospects for Tesla are most certainly bright in our view and ultimately, they may achieve enough to justify this lofty valuation. However, the company must still jump a huge hurdle just to meet current market expectations.

The run-up in the market is not just about the valuations of one or two hot stocks that are inconsequential in size. There are many stocks, and in aggregate the market capitalisations of these high flyers readily run into hundreds of billions, even trillions of dollars. This phenomenon is of course well understood and splashed across the front pages of the financial press, and yet it continues. Perhaps equally disturbing, is that the safe and comfortable option to invest in growth has been in companies such as Microsoft, Facebook, Alphabet and Apple. These are fine companies with good prospects (ignoring any anti-trust concerns), however, they have steadily revalued over time and now trade at generous valuations, though nowhere near as challenging as Tesla.

This brings us back to the question of money printing. If it is the inflationary effects of money printing that has driven stocks to these lofty levels, then it probably needs to continue to keep the market rally going. At the time of writing, additional stimulus measures are being debated in the US. Whether there is an agreement before the 3 November US election or not, it is probably a reasonable assumption that over the course of the next 18 months, governments around the world will continue to increase their spending, and it will probably be funded by borrowing from the banking system. However, as economies start growing again, the excess of money creation over economic output will most likely reduce.

The risk for investors in equity markets today is the highly valued growth stocks. The opportunity is in companies that will benefit as we move into the post-COVID environment.

There is much discussion about a new world for investing, or a new paradigm if you will, marked by interest rates at or around zero for the foreseeable future and the never-ending march of new technology continually changing the business landscape. This new environment renders all the old rules of investing null and void. Perhaps? Or is this just another version of the four most expensive words in investing: This time is different? Alternatively, it may just be a good old-fashioned bull market, driven by a great story and excess money supply, reinforced by our cognitive biases that lead us to emphasise recent events and trends.

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2 https://www.platinum.com.au/PlatinumSite/media/Reports/ptqtr_0620.pdf

3 Source: FactSet Research Systems, company reports, Platinum Investment Management Limited.

There are plenty of warning signs to suggest what we have here is simply a speculative mania:

- A buoyant market for new listings with companies often debuting on the market at prices as high as 50% or more above their issue price.
- High levels of retail investor activity, not just in shares but also in the options market.
- The stories of fortunes made and lost overnight by small investors that are regularly shared on internet blogs and even in the traditional financial press.
- And every good bull market needs an innovative financing vehicle and this time we have Special Purpose Acquisition Companies (SPACs). The premise here is that investors invest their cash in a SPAC and the promoters will find a great company to buy from the private markets with the funds. For those who have been around long enough, it sounds very similar to the 'cash box' listings in the bull market of the 1980s, and most of these didn't end well for investors.

What brings it to an end and when that happens are the great unanswerable questions, as has been the case in past speculative markets. One thing we do know though, is that manias tend to end suddenly and abruptly. The significant bull markets of the last 40 years have come to an end when monetary conditions tightened. Typically, this has been marked by rising interest rates, which for the moment seems inconceivable. Perhaps a slowing of money creation at a time when economic activity is rising will represent the tightening in liquidity, even if interest rates do not budge significantly. Perhaps it will simply be when we are clear of the lockdowns and restrictions and the level of permanent business closures and job losses is much greater than thought and prospects for listed companies are much bleaker than expected.

Despite these unusual times, it is important to remain committed to our long-standing and consistent investment approach. We will focus on companies that others prefer to avoid, assess their potential over the medium term, and buy where their stock price implies an attractive return.

MSCI Regional Index Net Returns to 30.9.2020 (USD)

REGION	QUARTER	1 YEAR
All Country World	**8.1%**	**10.4%**
Developed Markets	**7.9%**	**10.4%**
Emerging Markets	**9.6%**	**10.5%**
United States	**9.5%**	**16.4%**
Europe	**4.2%**	**-1.5%**
Germany	8.3%	10.0%
France	2.8%	-6.2%
United Kingdom	-0.2%	-15.8%
Italy	1.3%	-10.1%
Spain	-3.8%	-21.0%
Russia	-4.7%	-16.0%
Japan	**6.9%**	**6.9%**
Asia ex-Japan	**10.7%**	**17.8%**
China	12.5%	33.6%
Hong Kong	1.6%	-1.6%
Korea	12.8%	18.6%
India	15.0%	0.5%
Australia	2.8%	-7.7%
Brazil	-3.3%	-32.5%

Source: FactSet Research Systems.
Total returns over time period, with net official dividends in USD.
Historical performance is not a reliable indicator of future performance.

MSCI All Country World Sector Index Net Returns to 30.9.2020 (USD)

SECTOR	QUARTER	1 YEAR
Consumer Discretionary	17.9%	29.2%
Information Technology	12.7%	44.8%
Materials	11.7%	11.7%
Industrials	11.2%	3.3%
Communication Services	7.3%	16.5%
Consumer Staples	7.2%	3.3%
Health Care	4.6%	21.6%
Utilities	4.0%	-3.7%
Real Estate	2.0%	-11.2%
Financials	1.4%	-15.5%
Energy	-12.8%	-39.0%

Source: FactSet Research Systems.
Total returns over time period, with net official dividends in USD.
Historical performance is not a reliable indicator of future performance.

A Diversified Vaccination Strategy Needs to be our Plan A

by Dr Bianca Ogden, Portfolio Manager and Virologist

The fact that the SARS-CoV-2 coronavirus causes asymptomatic infection means it is very unlikely that we will be able to eradicate it without a combination of vaccines and therapeutics. While border closures can help us feel safe, it is not reality. We have to start living with this virus and hence we have to implement a diversified vaccination strategy. In addition, new therapeutics will be available in due course that should also be part of the strategy to combat the virus, given that it is unlikely that the vaccines will offer 100% protection in everyone.

European countries have realised that life has to go on despite rising infections. Governments in Europe are favouring regional restrictions depending on infection rates. Wearing a mask has become second nature, as has carrying sanitiser. At the same time, governments are also diversifying their vaccine options and in time, we may also see a similar strategy when it comes to therapeutics.

What worries us, is the limited transparency here in Australia. We are in a bubble if we think that we can eradicate the virus forever. That should not be our Plan A.

So far, the Australian government has secured dosages of the AstraZeneca/Oxford University vaccine candidate (with manufacturing support from CSL) and has also supported the University of Queensland's vaccine candidate.[1] As we have seen in recent weeks, the side-effect profile of the vaccines in development can vary, and in the future, we may also see protective immunity differ between the young and the old, as well as those who are immunocompromised. We believe, it would be prudent to also secure access to additional vaccines that are based on different technologies, such as mRNA-based vaccines* and protein subunit vaccines that are combined with an adjuvant (an agent that may be added to a vaccine to boost the immune response).

The supply of any of these vaccines will be tight and in addition, we expect there will be several waves of vaccines:

- The first wave are the "rapid response" vaccines, which are based on the first generation of mRNA vaccines that were designed within days of the viral sequence becoming available. These may be called the prototypes, where manufacturing can be scaled up quickly and the product is a bit "rough around the edges".
- The second wave will likely be the next-generation mRNA vaccines as well as vaccines based on other technologies (e.g. adenovirus and protein subunits, combined with adjuvant technology). These vaccines are more refined, should be more effective, elicit longer immunity and potentially be better formulated for easier storage and transport. These vaccines are expected to become available in mid- to late 2021 and we believe they should be part of any country-wide vaccination strategy.
- Then, there are the third wave of vaccines, which will be about seasonality as well as combining it, for example, with flu vaccination.

1 Source: Australian government, 19 August 2020, https://www.pm.gov.au/media/new-deal-secures-potential-covid-19-vaccine-every-australian

*Messenger RNA (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. More information can be found here: https://www.platinum.com.au/Insights-Tools/The-Journal/COVID-19-Demystifying-this-Frightening-Disease

To us, a sound strategy to combat coronavirus would be to have access to several of these vaccines, like the UK government has done (as illustrated in Fig. 1), as well as considering local manufacturing as part of a longer-term pandemic preparedness plan. The UK also has an option on a batch of neutralising antibodies, so it really covers all the bases given what we are now seeing in terms of activity for these antibody drugs.

We applaud CSL for stepping up to the task and supporting the manufacturing of the AstraZeneca/Oxford University vaccine candidate. However, we also see a very reasonable case for establishing a local mRNA manufacturing footprint, potentially in partnership with relevant companies. This would secure access to mRNA SARS-CoV-2 vaccines as well as future mRNA-based combination vaccines, such as personalised cancer vaccines.

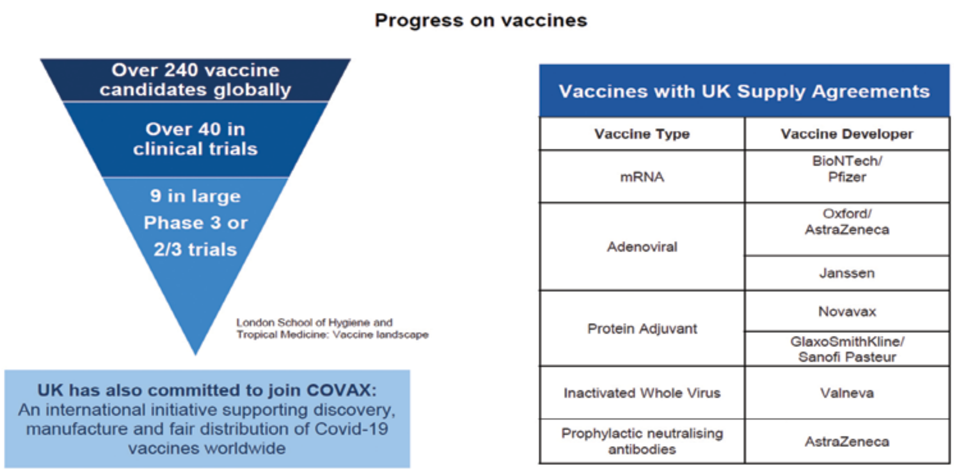
In June 2020, the German government invested €300 million in CureVac[2], while in mid-September, another €375 million was given to BioNTech[3]. Manufacturing mRNA has cost advantages and could be an interesting future industry, not just for vaccines but also for mRNA therapeutics.

In our view, combating the virus is a multi-phase battle that requires different generations of vaccines as well as therapeutic approaches. Hence, we would encourage the Australian government to have a multi-phase response. We do not want to find ourselves in a situation where other countries are well ahead with vaccination while we watch from afar having not established a solid Plan A.

2 Source: CureVac, 15 June 2020, https://www.curevac.com/en/2020/06/15/bundesregierung-beteiligt-sich-mit-300-millionen-euro-an-curevac/

3 Source: BioNTech, 15 September 2020, https://investors.biontech.de/news-releases/news-release-details/biontech-receive-eu375m-funding-german-federal-ministry

Fig. 1: UK Government's Progress on Vaccines



Source: Press conference slides used by Sir Patrick Vallance and Professor Chris Whitty at the Downing Street Coronavirus Data Briefing (21 September 2020), https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/919548/20200921_Briefing.pdf

Platinum International Fund

Andrew Clifford
Portfolio Manager

Clay Smolinski
Portfolio Manager

Performance

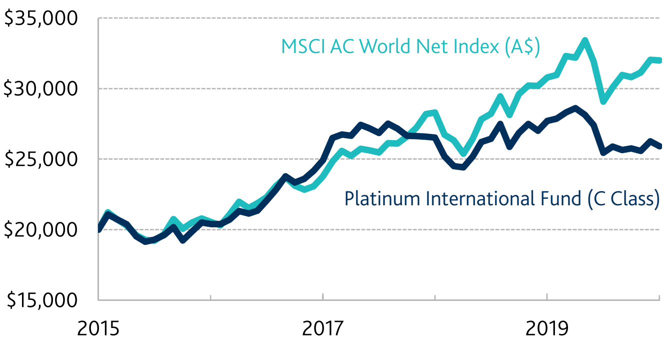
(compound p.a.+, to 30 September 2020)

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

+ Excluding quarterly returns.
* C Class – standard fee option. Inception date: 30 April 1995.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI All Country World Net Index in AUD.
Source: Platinum Investment Management Limited, FactSet Research Systems.
Historical performance is not a reliable indicator of future performance.
See note 1, page 40. Numerical figures have been subject to rounding.

Value of $20,000 Invested Over Five Years

30 September 2015 to 30 September 2020



After fees and costs, before tax, and assuming reinvestment of distributions.
Historical performance is not a reliable indicator of future performance.
Source: Platinum Investment Management Limited, FactSet Research Systems. See notes 1 & 2, page 40.

Global equity markets continued their rally over the quarter, rising an additional 4%.[1] At their highest point during the quarter, markets were just 6% below the peak levels reached in February this year. The result is even more impressive when considering a strong Australian dollar reduced returns by 4% over the period. In US dollar (USD) terms, markets briefly surpassed their previous peaks.

While the global economy is recovering well as it approaches the beginning of the post-COVID era, the damage in terms of business closures and job losses is far from clear. In the context of the extraordinary uncertainty, this is a surprising performance by markets. However, underlying the headline index numbers, is a very different picture - one of a two-speed share market.

The 'high-speed market' is forging strongly ahead, led by fast-growing stocks, many of which have had their bright prospects reinforced by the events of the last eight months. While this is a relatively small group of companies, they are large by market capitalisation (and thus have a disproportionate effect on market indices) and many of these stocks have reached extraordinary valuations (please see our discussion on Tesla versus Toyota in our Macro Overview).

In the past, we have used the performance of 'growth' indices as a representative of these high-performing stocks. During the quarter, growth stocks rose over 8%, surpassing their peak mid-February levels by over 4%.[2] Within this group, there are numerous stocks, like Tesla for example, that are above levels of earlier this year by 100% or more. The prospects of many of these companies are no doubt very bright, and on this we have no argument. Interest rates have fallen further over the course of the last eight months and this supports a disproportionate increase in valuations for fast-growing companies over their more sluggish peers. Though we would point out that this fall in interest rates has perhaps been offset by a significant increase in uncertainty and risk, which would usually have the opposite effect.

Over the course of the last two years, we have steadily

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

2 Source: MSCI AC World Growth Index, Australian dollars.

reduced our exposure to these higher-growth names, which has impacted the Fund's performance. Prior to COVID, these companies had achieved generous valuations that on average implied poor future returns. The monetary and fiscal responses of central banks and governments around the world to the pandemic have created a huge inflationary pulse that has been experienced not in goods and services, but in asset prices, including these 'growth' stocks. Today, our view is that this part of the stock market is in the grip of a good old-fashioned speculative bull market. We have been here before numerous times, and we believe this will most likely end badly, particularly for those who invest late in the cycle. We cover our views on this phenomenon in much greater detail in our Macro Overview.

Meanwhile, the 'low-speed market' comprises all the other stocks, that by and large are performing as expected during a major economic collapse. As we have noted in past reports, we use the performance of 'value' indices to represent this low-speed stock market. Over the last three months, value stocks were essentially flat, they remain 19% below their February peaks, and have bounced just 10% off their March lows.[3] Now, admittedly, the companies that we own and have been buying, have typically performed somewhat better than this, as the stocks represented in these value indices are not really our hunting ground. These tend to be the stocks that are out-of-favour for good reason. But it gives a sense of how different performance has been across the market. And as we have noted previously, over long periods of time, value has outperformed growth, though it has been over a decade since this has happened for any length of time. **The important point though, is that the weak part of the stock market is where we see the most interesting opportunities**. It is in companies from this part of the market, that we expect will see their prospects continue to improve as we move toward a post-COVID environment.

The other element of the Fund's performance has been the cautious positioning of the portfolio in recent years, with cash holdings and short positions detracting from returns. While this cautiousness has resulted in the Fund lagging the market's performance, this disparity in performance has predominantly occurred over the last two years. As can be seen in the performance chart on the previous page, the Fund delivered a similar performance to the market over the period to 31 December 2018. The performance in the subsequent period has dragged down the results across the longer time frames shown in the performance table. Undoubtedly, investors will be disappointed and frustrated with these results. However, we strongly believe that markets remain in a highly speculative phase, and despite results to date, cautious positioning remains warranted. At an individual stock level, we continue to see good outcomes from many of our individual holdings. **LG Chem** (+33%) has seen strong demand for its electric vehicle batteries and continues to invest to expand its capacity in battery manufacturing. **FedEx** (+79%) has seen an impressive turnaround in profitability as e-commerce deliveries have risen sharply. **Freeport-McMoRan** (+35%) responded to increases in the copper price. The Fund's low exposure to the USD was also beneficial to returns as it broadly fell against the major currencies over the quarter.

3 Source: MSCI AC World Value Index, Australian dollars.

Changes to the Portfolio

The Fund's net invested position was reduced over the quarter from 78% to 75%, though cash fell from 13% to 9%, and short positions were increased from 9% to 16%. The short positions were predominantly on the Nasdaq 100 Index as the make-up of this index has a significant weighting of highly valued growth stocks. A number of small individual stock shorts were also added as we continue to look for opportunities to provide downside protection for the Fund.

Disposition of Assets

REGION	30 SEP 2020	30 JUN 2020	30 SEP 2019
Asia	29%	27%	34%
North America	27%	28%	25%
Europe	18%	16%	14%
Japan	13%	13%	11%
Australia	3%	3%	3%
Africa	1%	1%	1%
Cash	9%	13%	11%
Shorts	-16%	-9%	-16%

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

Net Sector Exposures

SECTOR	30 SEP 2020	30 JUN 2020	30 SEP 2019
Industrials	19%	16%	12%
Information Technology	17%	17%	11%
Materials	13%	10%	10%
Consumer Discretionary	12%	10%	6%
Financials	11%	11%	15%
Health Care	8%	8%	4%
Communication Services	6%	8%	13%
Real Estate	2%	2%	2%
Energy	1%	2%	5%
Utilities	0%	0%	0%
Consumer Staples	0%	-2%	0%
Other	-13%	-3%	-4%
TOTAL NET EXPOSURE	75%	78%	73%

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

A number of new holdings were added to the Fund during the quarter. **Largan Precision** (Taiwan) is the leading provider of camera lenses for mobile phones. Generally, component suppliers to phone makers have been out-of-favour due to flat sales and uncertainty created by US bans on the sale of technology to Huawei, the world's largest manufacturer of handsets. We are of the view there is likely to be a pick-up in handset sales as a result of both investment by 5G networks and camera upgrades in new models. Of course, cameras have taken on an even greater importance as a feature given the boom in video conferencing.

Li Ning is a Chinese sports apparel business that competes with the likes of Nike, Adidas, and local companies, such as Anta Sports Products (also held in the Fund). Li Ning was established by its namesake, who won a gold medal in gymnastics at the 1984 Los Angeles Olympic Games. The brand was the "original" domestic sports brand, but struggled for a number of years in what has been a torrid competitive environment. Improvements in product design and a refreshed brand has seen the company turn its fortunes around, resulting in a strong improvement in sales and profits. Given the deterioration in US-China relations, we think that Chinese consumers will show a tendency to move toward brands with Chinese heritage in the years ahead.

InterGlobe Aviation is our most recent travel-related investment. InterGlobe is the owner of India's largest airline, IndiGo, whose low-cost carrier model, which started in 2006, has become the dominant airline in India with almost half of the domestic passenger market. India is already the third-largest domestic air travel market (behind only the US and China) with over 140 million annual trips (pre-COVID) and growing at rates of around 10% p.a.[4] The company is poised to continue its impressive growth rate for some time to come given the low penetration of air travel in India relative to other emerging markets.

Otherwise, activity in the Fund included trimming a large number of holdings that have performed well, including Tencent, Alibaba, Alphabet, LG Chem and ZTO Express.

Outlook

Our portfolio consists of companies that typically have strong positions in their respective industries, are poised to benefit as economies recover in the post-COVID era over the next three to five years, and are attractively priced relative to our assessment of their prospects. This assessment would generally lead us to be quite optimistic about future returns. On the other hand, there are extraordinary developments within the global economy. Spending patterns are changing, reflecting the response by consumers, businesses and governments to the pandemic, some of which will recede as we move beyond the lockdowns and travel restrictions. There has been an unprecedented creation of new money (and debt), contributing to what appears to be a speculative mania taking place in parts of the stock market. The US election outcome and US-China relations could also be added to the list. It is, without doubt, a complex environment and predictions are fraught with danger. So, we will conclude simply stating that while the opportunities that we see in the Fund's holdings are reason to expect that reasonable investment returns can be produced, there are likely to be many market, political and economic surprises ahead.

4 Source: InterGlobe Aviation, Directorate General of Civil Aviation (DGCA).

Net Currency Exposures

CURRENCY	30 SEP 2020	30 JUN 2020	30 SEP 2019
US dollar (USD)	21%	11%	38%
Euro (EUR)	20%	23%	9%
Chinese yuan (CNY)	18%	18%	22%
Japanese yen (JPY)	13%	19%	17%
Australian dollar (AUD)	10%	13%	3%
Korean won (KRW)	7%	6%	6%
Hong Kong dollar (HKD)	3%	3%	3%
Canadian dollar (CAD)	3%	2%	3%
Indian rupee (INR)	2%	1%	5%
Taiwan dollar (TWD)	1%	0%	0%
British pound (GBP)	1%	1%	4%
Zambian kwacha (ZMK)	1%	1%	1%
Norwegian krone (NOK)	0%	1%	2%
Chinese yuan offshore (CNH)	0%	0%	-16%
Swiss franc (CHF)	0%	0%	2%

See note 5, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Samsung Electronics Co	Korea	Info Technology	4.3%
Ping An Insurance	China	Financials	3.2%
Amadeus IT Holdings	Spain	Info Technology	2.9%
Glencore PLC	Australia	Materials	2.6%
Takeda Pharma Co	Japan	Health Care	2.5%
Microchip Technology	US	Info Technology	2.5%
Booking Holdings Inc	US	Cons Discretionary	2.5%
Minebea Co Ltd	Japan	Industrials	2.4%
Sanofi SA	France	Health Care	2.4%
AIA Group Ltd	Hong Kong	Financials	2.4%

As at 30 September 2020. See note 6, page 40.
Source: Platinum Investment Management Limited.

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

Platinum Unhedged Fund

Clay Smolinski
Portfolio Manager

Performance

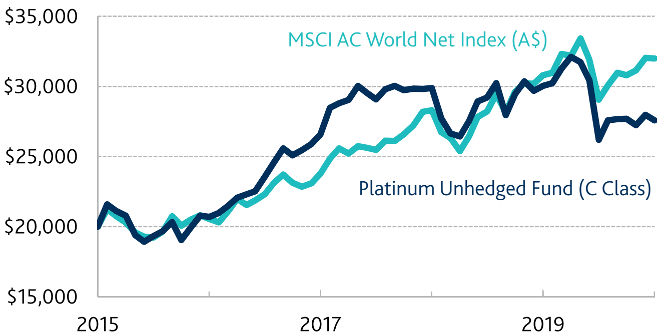
(compound p.a.+, to 30 September 2020)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Unhedged Fund*	0%	-8%	1%	7%	10%
MSCI AC World Index^	4%	4%	10%	10%	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 Research Systems.
Historical performance is not a reliable indicator of future performance.
See note 1, page 40. Numerical figures have been subject to rounding.

Value of $20,000 Invested Over Five Years

30 September 2015 to 30 September 2020



After fees and costs, before tax, and assuming reinvestment of distributions.
Historical performance is not a reliable indicator of future performance.
Source: Platinum Investment Management Limited, FactSet Research Systems. See notes 1 & 2, page 40.

Over the quarter there was little change in the value of the Fund (C Class), with a return of -0.3%.[1] Despite some strong gains in a number of our positions, these were offset by the strength in the Australian dollar and falls elsewhere. The major positive contributors during the quarter included investments in:

- **FedEx** – Still run by its founder Fred Smith, FedEx has a long history of willingness to prioritise long-term investment and success over chasing short-term results. In late 2018, the company embarked on a heavy investment phase in its US ground division (its most profitable business), both to significantly increase its capacity to deliver e-commerce packages, and lower their all-in delivery cost. In the short run, the cost of these investments had lowered profits, with the stock falling 40% as investors remained sceptical of the strategy. The boom in parcel demand post COVID now makes these investments look like a masterstroke, with FedEx well positioned to handle the extra volumes. Following the release of strong profit results, FedEx rose 79% over the quarter.
- **LG Chem** - Highlighted in our June quarterly report, LG Chem is one of four major battery suppliers for electric vehicles globally. With consumer demand for electric vehicles gaining pace post COVID (aided by generous green initiative subsidies), there is a global shortage of electric vehicle battery capacity, which will aid the bargaining position and profitability of the battery makers. LG Chem's reported results in August confirmed this thesis, with the stock price rising 33% as the battery division grew 41% while delivering record levels of profitability.

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

Offsetting these gains were falls primarily in a number of our Chinese holdings. Our investment in Chinese property owner and developer **China Overseas Land & Investment** fell 17% as the government introduced new restrictions around debt financing for property development, while our holding in Chinese parcel express leader **ZTO Express** fell 18% as fierce price competition between the major players looks set to drag on, post several competitors raising additional capital to fund the fight.

Commentary

When assessing potential investment opportunities, we would argue that there are two stock markets at the moment.

The 'growth' and 'safety' stocks, generally typified by technology companies and the Nasdaq Composite Index, are in a **huge bull market**. Here, there are many stocks at record high prices and valuations, well above their pre-COVID levels. The rationalisation for the high valuations usually comes back to the theory that low interest rates justify higher prices for equities.[2] Other signs of enthusiasm include the rapid pace of new initial public offerings (IPOs) in the space (along with swathes of listed companies raising extra cash via secondary issues) and rampant participation by retail investors using options.

The picture in the rest of the market looks very different. Here, stocks often with a cyclical edge to their business look much like you would expect six months after a worldwide recession, with many stock prices down 20-40% due to the uncertainty around the recovery. The valuation-boosting effects of low interest rates are seemingly not being applied to these companies, resulting in a valuation difference between these two camps at historical extremes.

With this backdrop, the key question is how should one invest in this environment?

One scenario is that the low interest rate environment could last for a long time. This is the consensus scenario held by investors today, but not without good reason. Central banks around the world are holding rates low as economies are weak, and they want to both facilitate and encourage governments to spend and create employment and activity.

2 We have no issue with the theory that long-term lower interest rates (and hence discount rates) should justify higher valuations. The issue is that markets rarely behave in a perfectly rational manner and stock prices are heavily influenced by human psychology. The current market conditions are a great example of this, theoretically low interest rates should boost the value of all equities, not just a select group, but this is clearly not happening today.

Disposition of Assets

REGION	30 SEP 2020	30 JUN 2020	30 SEP 2019
North America	30%	41%	32%
Asia	27%	27%	27%
Europe	22%	20%	19%
Japan	9%	7%	4%
Oceania	2%	2%	2%
Cash	9%	3%	16%

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

Net Sector Exposures

SECTOR	30 SEP 2020	30 JUN 2020	30 SEP 2019
Industrials	25%	26%	20%
Information Technology	17%	20%	12%
Financials	13%	11%	14%
Materials	11%	7%	3%
Health Care	9%	10%	4%
Consumer Discretionary	7%	6%	3%
Communication Services	4%	13%	14%
Real Estate	4%	4%	4%
Energy	1%	2%	8%
Consumer Staples	0%	0%	3%
TOTAL NET EXPOSURE	91%	97%	84%

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

Net Currency Exposures

CURRENCY	30 SEP 2020	30 JUN 2020	30 SEP 2019
US dollar (USD)	36%	40%	30%
Euro (EUR)	19%	18%	14%
Chinese yuan (CNY)	13%	17%	17%
Japanese yen (JPY)	10%	7%	10%
Korean won (KRW)	6%	5%	4%
Indian rupee (INR)	4%	4%	7%
British pound (GBP)	3%	3%	4%
Hong Kong dollar (HKD)	3%	2%	7%
Canadian dollar (CAD)	3%	2%	3%
Australian dollar (AUD)	2%	2%	2%
Taiwan dollar (TWD)	2%	0%	0%

See note 5, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

The clear winners from the low interest rate environment have been the 'quality growth' stocks, with huge investor demand for businesses that can steadily grow, earn high returns on capital and have strong barriers to entry. The task for us, is not to buy the current batch of loved growth stocks, but to identify companies that will be the growth stocks of tomorrow, and are not priced for it today.

A good example of this, is our investment in **Trip.com Group** (formerly called Ctrip). Trip.com is China's largest online travel agency, with the business making the bulk of its money via commissions from selling hotel rooms and flights. A simple illustration of the growth potential for Trip.com is the trend in Chinese outbound travel. Today, China is the largest outbound tourist market in the world, which if we exclude Hong Kong and Macau, recorded 75 million outbound flights in 2019, growing at 15% p.a.[3] The potential for growth becomes apparent when you realise China has achieved this growth despite less than 15% of Chinese nationals holding a passport.[4]

With the tailwind of market growth, it is clear Trip.com has the potential to grow strongly for many years to come, but due to the COVID crisis we were able to buy this stock at a valuation of 13x 2019 earnings.

Another scenario is to consider the end goal of all the fiscal stimulus and central bank action. It's clear the mandate of the US Federal Reserve and European Central Bank has moved away from inflation control, towards restoring full employment and activity. Governments are embracing higher fiscal spending, with even the fiscally disciplined Germans opening the purse strings and actively encouraging other European Union nations to join them in spending more.

The end goal of full employment clearly helps more cyclical businesses, and when the valuation difference between these stocks is at historical extremes we feel it makes sense to have a decent portion of the portfolio invested in these areas.

An example of an investment that fits this mould is **Carrier Global**. Carrier is a predominately US-based manufacturer of air-conditioning and transport refrigeration equipment, with its Carrier (air-conditioning) and Transicold (truck refrigeration) brands being the leader in their respective markets.

Carrier is a classic quality industrial business. The US market is consolidated and the major players have locked up the distribution and after-sales service networks, which are key to winning market share. The difficulty of entry is evident in the failure of the Japanese and Chinese manufacturers to make inroads into the market despite 20 years of trying. The business also has a nice regulatory driver in the form of tighter standards around the use of chlorofluorocarbons (CFCs) and energy efficiency, which provides a persistent technology upgrade cycle and the ability to charge for it. These industry characteristics allow Carrier to make high-teen returns on capital and operating margins of around 15%.

The uncertainty around the pace of residential and commercial construction during the lockdowns gave us the opportunity to buy Carrier on 11x earnings, which was a deep discount to businesses of similar quality.

3 Source: Morgan Stanley.

4 Chinese National Immigration Administration and JP Morgan.

Outlook

As at October, the economic data has recovered far faster than the post-global financial crisis period, particularly in China and the US. The strength of the data is broad based, with both the Chinese and US services and manufacturing purchasing managers' indices (PMIs) in firm expansion territory, with a very strong recovery seen in retail sales, auto demand and rail and trucking freight.[5] The strength in some industries is surprising, with no better example than the US housing market, which is currently booming.

Aided by governments' willingness to spend, we feel there are enough positive drivers to ensure the recovery continues. While the cyclical tilt in the portfolio reflects the relative value on offer rather than a macro view, we believe these holdings should perform well if investor confidence in the environment grows.

5 Source: FactSet Research Systems, Evercore ISI.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Microchip Technology	US	Info Technology	3.8%
Ally Financial Inc	US	Financials	3.8%
Applus Services	Spain	Industrials	3.7%
Samsung Electronics Co	Korea	Info Technology	3.5%
Takeda Pharma Co	Japan	Health Care	3.2%
Weichai Power	China	Industrials	3.1%
Raiffeisen Bank	Austria	Financials	3.1%
Amadeus IT Holdings	Spain	Info Technology	3.0%
Sanofi SA	France	Health Care	2.9%
Micron Technology Inc	US	Info Technology	2.9%

As at 30 September 2020. See note 6, page 40.
Source: Platinum Investment Management Limited.

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

Platinum Asia Fund

Joseph Lai
Portfolio Manager

Performance

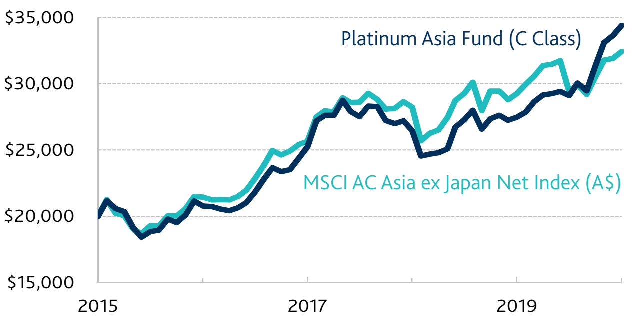
(compound p.a.+, to 30 September 2020)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Asia Fund*	10%	25%	11%	11%	15%
MSCI AC Asia ex Jp Index^	6%	11%	8%	10%	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 Research Systems.
Historical performance is not a reliable indicator of future performance. See note 1, page 40. Numerical figures have been subject to rounding.

Value of $20,000 Invested Over Five Years

30 September 2015 to 30 September 2020



After fees and costs, before tax, and assuming reinvestment of distributions. Historical performance is not a reliable indicator of future performance. Source: Platinum Investment Management Limited, FactSet Research Systems. See notes 1 & 2, page 40.

Most Asian economies witnessed a robust rebound in activity over the quarter. The Fund (C Class) remained relatively fully invested throughout the period and achieved a 9.7% return for the quarter.[1]

The re-opening of economies post lockdown has affirmed our belief that strong companies would emerge stronger while the weaker competitors would dwindle, and that working from home would accelerate some inexorable trends driven by internet connectivity.

The stocks we added to during the sell-off reflected this conviction and indeed, many have delivered remarkable returns. **Reliance Industries** (4G operator that is transforming itself into an internet platform in India) was up 31% over the quarter, after a 55% appreciation in the prior quarter. **LG Chem** (premier electric vehicle battery manufacturer in South Korea) was up 33%, following a 61% rise in the prior quarter. **Taiwan Semiconductor Manufacturing** (leading global microchip manufacturer) was up 38% due to its position in today's age of almost insatiable demand.

Stocks that benefited from the re-opening of economies included **China Tourism Group** (duty free operator, up 45%), **Focus Media** (outdoor advertising, up 45%), **Huazhu** (leading hotel operator in China, up 23%) and **Li Ning** (a domestic Chinese sportswear champion, up 46% as domestic youngsters continued to snap up its products).

Stocks that detracted from performance primarily reflected idiosyncratic reasons, such as **Sunny Optical** (down 5% on smartphone cycle weakness) and **China Jinmao** (down 22% on mild Chinese property tightening measures).

Changes to the Portfolio

Towards the end of the quarter, index shorts were placed and some profits were tactically booked in the Fund to protect the portfolio, with the view that the developed markets may be over-extrapolating the durability of the re-opening rebound, particularly with the increasing prospect of a second wave of coronavirus in the northern hemisphere winter.

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

Irrespective of the headlines, Asia is demonstrating remarkable economic resilience, valuations are generally lower than those of developed markets[2] and reforms are positioning the region in good stead over the next five to 10 years.

We expect further volatility in the markets may once again provide us with an opportunity to accumulate interesting names in Asia.

Commentary

Asian economies have generally managed the pandemic well and a less aggressive monetary and fiscal response has thus been warranted. Their equity markets have rebounded mainly on improving earnings prospects rather than ever-increasing valuations driven by the printing of money. This bodes well for Asia's regional markets, as unlike its developed market peers, many of their valuations are not expensive and more stimulatory firepower is available, if needed, in the future.

Given the dynamism of the region, new sustainable trends that can prove fruitful for the Fund continue to emerge. We continue to stick to our time-tested investment approach, remaining focused on:

1. The identification of the long-term trends.
2. Being contrarian in our approach to take advantage of opportunities or protect the portfolio.
3. Generating significant insights through in-depth bottom-up work.

Change brings opportunities. Identification of the durable changes ahead of the market can generate significant investment returns. The abundance of these opportunities is why we are excited about Asia over the long term, despite the geopolitical noise.

The rational base case remains. We believe the reforms undertaken will likely lead to an inexorable growth trajectory, and strong companies should thrive in their respective environments, irrespective of the macro concerns. Indeed, market volatility and insightful bottom-up work has enabled us to time and again take advantage of the wonderful opportunities on offer.

In **India** for instance, reforms have improved its Ease of Doing Business ranking from 130 in 2016 to 63 in 2019 according to the World Bank.[3] Bureaucratic red tape and the associated self-enrichment have historically been hindrances to entrepreneurship. These are getting dismantled one by one.

Recently, India passed agricultural reforms aimed at unshackling the sector and encouraging private enterprise to invest to improve efficiency and reduce waste. Allowing farmers to sell directly to private enterprises other than the state-mandated traders has the advantage of removing the middle-man who added inefficiencies to the system. This will allow contract farming to take place, allowing bigger companies to source produce directly from the farmers. The reduction in the restrictions on agriculture produce storage is likely to encourage increased private investment in logistics and storage to reduce wastage, which has been a big problem

2 Source: IBES consensus, in local currency, as at 7 October 2020.

3 Source: http://documents1.worldbank.org/curated/en/688761571934946384/pdf/Doing-Business-2020-Comparing-Business-Regulation-in-190-Economies.pdf

Disposition of Assets

REGION	30 SEP 2020	30 JUN 2020	30 SEP 2019
China	45%	53%	39%
Korea	13%	12%	10%
Taiwan	9%	8%	5%
India	9%	8%	10%
Hong Kong	8%	9%	7%
Vietnam	3%	2%	3%
Thailand	2%	2%	4%
Philippines	1%	0%	3%
Macao	1%	1%	0%
Cash	9%	5%	20%
Shorts	-4%	-16%	-1%

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

Net Sector Exposures

SECTOR	30 SEP 2020	30 JUN 2020	30 SEP 2019
Consumer Discretionary	26%	30%	17%
Information Technology	23%	21%	14%
Financials	11%	9%	15%
Communication Services	10%	11%	15%
Real Estate	5%	4%	5%
Industrials	3%	3%	5%
Materials	3%	4%	1%
Energy	3%	4%	1%
Consumer Staples	3%	6%	0%
Health Care	1%	2%	2%
Utilities	0%	0%	1%
Other	-2%	-14%	3%
TOTAL NET EXPOSURE	86%	79%	80%

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

for India. This will allow the market to have a bigger say in the allocation of resources in the sector.

Labour market reform is another achievement. The new laws consolidate decades-old and outdated central government legislation and override the disparate and chaotic state government laws into a comprehensive set of legislation. Previously, companies with more than 100 workers required government permission to lay-off employees or close plants, now that cap has increased to 300. It requires unions to provide prior notice and attempt conciliation before strike actions. Some states, such as Rajasthan, implemented some elements of the labour laws in 2014 and have subsequently seen a significant pick-up in business investment and average employee numbers. These benefits should now spread to the rest of India.

Together with reforms, the continual spend on infrastructure is also accretive to growth. **Reliance Industries** was traditionally an oil refiner and petrochemical producer. In the last 10 years, it has managed to build the largest 4G network in India, growing its user base from zero to around 400 million in just four years.[4] It then embarked on an ambitious journey to link online and offline shops to Indian consumers via the smartphone. Facebook, Google and other US-based companies have recently invested billions of dollars in these assets. We added significantly to Reliance during the sell-off, before these tech giants invested in this highly prospective asset. Indeed, the Fund has lifted its net exposure to Indian equities from around 1% to around 9% over the quarter (as we reduced our shorts from 7% to zero), adding to strong businesses with solid balance sheets during the market volatility.

China has remained a contrarian but highly prospective investment opportunity. Geopolitics can be worrying and distracting. Ultimately, the Asia region is dynamic and its countries are responding to changing circumstances.

Recently, Chinese authorities have pivoted to a new direction, dubbed "Dual Circulation". It is a development model that will tilt towards greater reliance on domestic sources for raw materials (food and energy for instance) and end markets (more domestic consumers rather than export markets). Exports are not currently a huge driver of the Chinese economy (contributing approximately 20% to China's national output vs. 80% for domestic consumption and investment).[5] The intention of the reform process is to improve capital allocation to research and development, much-needed infrastructure, and the people, so that

4 Source: Reliance Industries.

5 Source: https://www.cia.gov/library/publications/resources/the-world-factbook/geos/ch.html

Net Currency Exposures

CURRENCY	30 SEP 2020	30 JUN 2020	30 SEP 2019
Chinese yuan (CNY)	48%	53%	39%
Korean won (KRW)	13%	12%	10%
Indian rupee (INR)	9%	1%	10%
Hong Kong dollar (HKD)	9%	9%	11%
Taiwan dollar (TWD)	7%	4%	5%
Chinese yuan offshore (CNH)	7%	0%	-24%
Vietnamese dong (VND)	3%	2%	3%
Thai baht (THB)	2%	2%	1%
Philippine peso (PHP)	1%	0%	3%
Macanese pataca (MOP)	1%	1%	0%
US dollar (USD)	0%	15%	41%

See note 5, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Taiwan Semiconductor	Taiwan	Info Technology	7.0%
Samsung Electronics Co	Korea	Info Technology	6.8%
Tencent Holdings	China	Comm Services	6.6%
Alibaba Group Holding	China	Cons Discretionary	4.4%
AIA Group Ltd	Hong Kong	Financials	4.2%
Ping An Insurance	China	Financials	3.4%
Huazhu Group ADR	China	Cons Discretionary	3.3%
LG Chem Ltd	Korea	Materials	3.0%
Li Ning Co Ltd	China	Cons Discretionary	3.0%
Reliance Industries Ltd	India	Energy	2.9%

As at 30 September 2020. See note 6, page 40.
Source: Platinum Investment Management Limited.

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

productivity of the economy can be increased. Improving productivity will boost incomes and help realise the potential of its huge domestic consumer market.

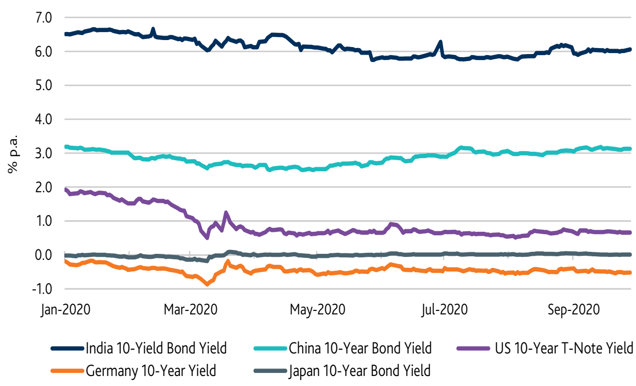
Wealthier consumers who spend more domestically can create long-term opportunities. The Chinese passion for spending on luxury handbags overseas is well known. Chinese consumers make up 30-40% of global luxury spend but most of this has occurred outside of China.[6] There is a significant change in consumer behaviour that is not being broadly recognised – luxury consumption is moving onshore to China. Product prices, which have traditionally been higher in China than overseas, have been coming down.[7] We expect domestic luxury sales in China will likely double in the next few years. Recent numbers reported from Tiffany, Gucci and LVMH are showing very strong sales in domestic China in recent months. They are running out of room in their shops and are asking for little back rooms to store their inventory.

As part of its reforms to improve capital allocation, China is reforming its financial markets to meet global best practice. China's bond market is already sizeable (~US$13 trillion).[8] Major global financial firms have established majority-owned offices in China in recent months, including S&P, Morgan Stanley, Goldman Sachs, JP Morgan, BlackRock and State Street. Various global bond indices have started including Chinese bonds, such as FTSE, Bloomberg and JP Morgan.

Given the lack of growth opportunities globally, Chinese financial assets (and to some extent, other Asian assets) that are hitherto under-owned may prove highly attractive, with Chinese government bonds offering significantly higher yields than those of most major economies (see Fig. 1), partly reflecting expected higher growth prospects. These opportunities, it appears, are simply too big to ignore.

Another element of the reform is China's commitment to having a net zero carbon output by 2050. This will translate to a significant reduction in the usage of fossil fuels, and a gargantuan deployment of alternative energy sources. As one of the world's largest industrial economies, this move, if it comes to fruition, is extremely meaningful in dealing with climate change. Of course, one side benefit for China will be a reduced reliance on imported oil and coal. As one of the world's lowest-cost producers of solar panels, wind turbines and batteries, its renewables industry is set to blossom, as it skyrockets from 15% to 75% of its total energy mix.

Fig. 1: China's 10-Year Bond Yields Are Attractive vs. Most Major Markets



Source: FactSet Research Systems, Platinum Investment Management Limited.

India, China and indeed the rest of Asia have more than four billion people. The region is dynamic. We have an opportunity to own companies that are leaders in their fields. They have invested billions of dollars in research and infrastructure over many years and as a result of the investment, they seize greater control over their destiny in these changing times.

Outlook

With the pandemic probably past its first innings, ongoing stimulus and a vaccine likely forthcoming, the question perhaps is where to from here?

Developed economies have spent a great deal of firepower on stimulus, further burdening the system's indebtedness. The economic recovery we are enjoying is unlikely to continue forever without a stronger dose of stimulus, which may not be as forthcoming as before.

The Fund's exposure has been pre-emptively reduced to take into account the possibility of a broader market consolidation. Economic prospects for the Asia region are, however, uniquely favourable. Reforms are taking place. The pandemic is well controlled. Stimulatory policies have thus far been limited and the local authorities will hence have significant flexibility on the policy front if needed.

It is an exciting time for stock investors like ourselves, as the combination of attractive valuations coincides with significant capacity for further stimulation in Asia. The Fund will continue to deploy capital in attractive and strong businesses that we believe are still under-appreciated by the markets.

6 Source: *China Luxury Report 2019*, McKinsey & Company, April 2019; *What's Powering China's Market for Luxury Goods?* Bain & Company.

7 *What's Powering China's Market for Luxury Goods?* Bain & Company.

8 Source: https://am.jpmorgan.com/au/en/asset-management/adv/insights/market-insights/market-bulletins/a-guide-to-the-chinese-fixed-income-markets/

Platinum European Fund

Nik Dvornak
Portfolio Manager

Performance

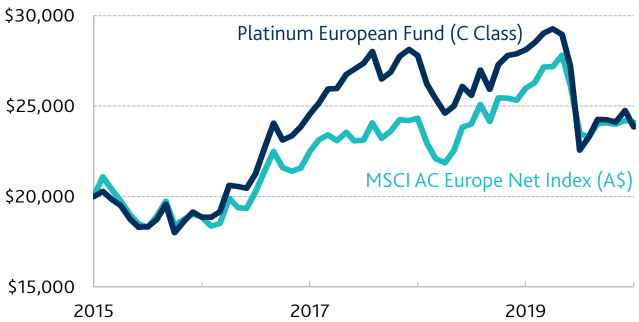
(compound p.a.+, to 30 September 2020)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum European Fund*	-2%	-15%	-1%	4%	10%
MSCI AC Europe Index^	0%	-7%	2%	4%	3%

+ Excludes quarterly returns.
* C Class – standard fee option. Inception date: 30 June 1998.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI All Country Europe Net Index in AUD.
Source: Platinum Investment Management Limited, FactSet Research Systems.
Historical performance is not a reliable indicator of future performance. See note 1, page 40. Numerical figures have been subject to rounding.

Value of $20,000 Invested Over Five Years

30 September 2015 to 30 September 2020



After fees and costs, before tax, and assuming reinvestment of distributions. Historical performance is not a reliable indicator of future performance. Source: Platinum Investment Management Limited, FactSet Research Systems. See notes 1 & 2, page 40.

The Fund (C Class) returned -1.6% for the quarter.[1]

European equities were flat over the quarter. Initially the market narrative centred on signs of recovering economic activity as lockdown measures were eased. This gave way to concerns that a second round of lockdown measures would be needed to contain a renewed surge in COVID-19 infections. At the time of writing, the United Kingdom, France and Spain were all reporting record levels of daily new infections.

Such circumstances would ordinarily bode poorly for cyclical businesses but their performance varied widely. Consumer discretionary, industrials and materials stocks led the market higher, while banks and energy were the weakest sectors. It is noteworthy that within the consumer discretionary and industrials sectors, export-oriented businesses performed strongly, however, domestic-facing and travel-dependent businesses fared poorly. This divergent performance speaks to the strength of the economic recovery in China as much as it does to anxiety over a second round of lockdowns in Europe.

The Fund underperformed the benchmark over the quarter. The primary reason for this is that a significant portion of our capital is invested in businesses that are exposed to travel and healthcare. Both face significant disruption from lockdowns; for travel businesses the link is probably obvious but for healthcare companies it is worth elaborating.

The healthcare companies the Fund is invested in typically have innovative new product pipelines. During a lockdown they cannot recruit candidates for clinical trials, their sales representatives cannot meet doctors to explain the benefits of new medications and doctors are reluctant to change a patient's treatment without a physical consultation. The patients themselves are self-isolating, avoiding doctors and hospitals, because they are already ill and at higher risk should they contract COVID-19.

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

Thus, lockdowns delay the development and commercialisation of innovative drugs, while the clock keeps ticking on the patents that protect them from competition. The impact on the drug developer is therefore real, but it is a transitory impediment. The demand for more effective cancer treatments will not have changed.

We believe our travel and healthcare companies have strong market positions and sell innovative products for which there will be strong demand over the next decade. In our view, their balance sheets can absorb these recurrent lockdowns. We expect these businesses to thrive over the next decade. But it is precisely because the next few months are likely to be tumultuous that we have a window to buy them at attractive prices.

Changes to the Portfolio

Following the significant changes made to the portfolio earlier in the year, there were few changes this quarter. We trimmed a number of our better-performing positions. These were mainly technology businesses, including **Hypoport**, **Prosus**, **Schibsted** and **Adevinta**. The proceeds were invested in a couple of travel-related businesses, primarily **Aeroports de Paris (ADP).**

Disposition of Assets

REGION	30 SEP 2020	30 JUN 2020	30 SEP 2019
Germany	18%	19%	16%
United Kingdom	12%	12%	7%
Spain	9%	9%	7%
Switzerland	8%	6%	7%
France	8%	6%	5%
Romania	8%	8%	8%
Norway	7%	7%	12%
United States*	6%	7%	9%
Ireland	5%	4%	5%
China	4%	5%	1%
Austria	4%	4%	7%
Denmark	2%	3%	2%
Russia	2%	2%	2%
Italy	2%	2%	3%
Netherlands	1%	1%	0%
Poland	1%	2%	3%
Australia	0%	0%	3%
Cash	2%	4%	2%
Shorts	-4%	-21%	-16%

* Stocks that are listed on US exchanges, but whose businesses are predominantly conducted in Europe.
See note 3, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Airports are vital pieces of infrastructure with strong end-market growth. What distinguishes them from other infrastructure assets is that, despite being natural monopolies, they have somehow convinced regulators to allow them to capitalise on that captive growth through a number of unregulated side-hustles.

ADP owns a number of French airports but their key asset is Charles de Gaulle, the second-busiest airport in Europe and the international gateway to Paris. At the risk of being overly sentimental, Paris is a very romantic city with an extremely rich cultural heritage that draws people of all ages and nationalities. The relevance of this, is that Paris is a destination in its own right, not merely a gateway to a wider tourism market. A destination airport is a much more valuable asset than a gateway or transit airport.

ADP's share price has halved since January and is trading at 2013 levels despite revenue being almost 70% higher in 2019 than it was in 2013. This is at odds with the market's ravenous appetite for infrastructure assets and bond-like equities, particularly those with very long duration, like ADP.

The reason we can buy this asset at such an attractive price is obvious. Firstly, investors are reluctant to buy travel-related businesses until they are convinced the COVID-19 pandemic is ending. Secondly, they are particularly circumspect when it comes to long-haul international travel and business travel. They expect these types of travel to recover slowly and to a lesser extent than domestic and leisure travel.

Net Sector Exposures

SECTOR	30 SEP 2020	30 JUN 2020	30 SEP 2019
Industrials	19%	16%	23%
Financials	18%	18%	19%
Health Care	17%	18%	14%
Consumer Discretionary	13%	17%	12%
Communication Services	10%	8%	4%
Information Technology	6%	8%	5%
Energy	4%	5%	8%
Materials	2%	0%	5%
Real Estate	2%	1%	1%
Consumer Staples	-1%	0%	-3%
Other	4%	-17%	-8%
TOTAL NET EXPOSURE	94%	76%	81%

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

We can sympathise with this view but we cannot ignore the fact that this is an extremely attractive asset. Its value is underpinned by its natural monopoly characteristics and the attractiveness of Paris as a tourist and business destination. The pandemic has changed neither its competitive position nor Paris's appeal. It has merely rendered ADP temporarily unable to capitalise on them. Once vaccines and therapeutics are widely available, we expect activity at Charles de Gaulle to resume and ultimately surpass the 2019 level. Until then, the business has the financial capacity to withstand a couple of turbulent years if necessary.

Outlook

The near-term outlook for European equities remains delicately poised. We highlighted the risk of a second wave of lockdowns as a distinct possibility in previous reports and the market has now become much more attuned to this possibility. There is a prevailing sense that European governments will be more willing to shut down their economies than their American counterparts. While the European economy showed signs of a rebound during the northern hemisphere summer, we expect the recent rise in COVID-19 infection rates to arrest this.

Vaccines and therapeutics remain the primary means of decisively tackling the pandemic. There are a large number of candidates currently in clinical trials but wide availability is unlikely until the northern hemisphere spring. Timing is critical as the economy's capacity to weather each subsequent round of lockdowns will deteriorate dramatically as the damage to balance sheets cumulates.

Looking further ahead, we expect that once effective vaccines and therapeutics become widely available, consumer behaviour will largely revert to pre-pandemic norms, although some changes may be longer-lasting or even permanent.

Currently, we see many attractive opportunities to invest capital arising from investors' reluctance to assume near-term risk. This strong preference for safety is best illustrated by the 0.9% yield on 100-year Austrian government bonds.[2] Those familiar with the political upheaval and inflation that Austria experienced during the past 100 years will be well aware of the utter desperation this behaviour displays. A corollary of this behaviour is the huge opportunity it opens for those prepared to weather near-term uncertainty, which is precisely how our portfolio is positioned.

2 Source: Bloomberg.

Net Currency Exposures

CURRENCY	30 SEP 2020	30 JUN 2020	30 SEP 2019
Euro (EUR)	46%	46%	37%
British pound (GBP)	12%	13%	8%
Swiss franc (CHF)	9%	6%	20%
US dollar (USD)	8%	9%	4%
Romanian leu (RON)	8%	8%	8%
Norwegian krone (NOK)	7%	7%	12%
Chinese yuan (CNY)	4%	5%	1%
Danish krone (DKK)	2%	3%	2%
Russian rouble (RUR)	2%	2%	2%
Polish zloty (PLN)	1%	2%	3%
Australian dollar (AUD)	0%	0%	4%

See note 5, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Hypoport SE	Germany	Financials	5.0%
BioNTech	Germany	Health Care	4.3%
Fondul GDR	Romania	Other	4.2%
Booking Holdings Inc	US	Cons Discretionary	4.1%
Banca Transilvania	Romania	Financials	3.9%
Prosus NV	China	Cons Discretionary	3.9%
Amadeus IT Holdings	Spain	Info Technology	3.7%
Raiffeisen Bank	Austria	Financials	3.6%
Schibsted ASA	Norway	Comm Services	3.6%
Beazley PLC	UK	Financials	3.2%

As at 30 September 2020. See note 6, page 40.
Source: Platinum Investment Management Limited.
For further details of the Fund's invested positions, including country and industry breakdowns and currency exposures, updated monthly, please visit https://www.platinum.com.au/our-products/pef.

Platinum Japan Fund

Scott Gilchrist
Portfolio Manager

Performance

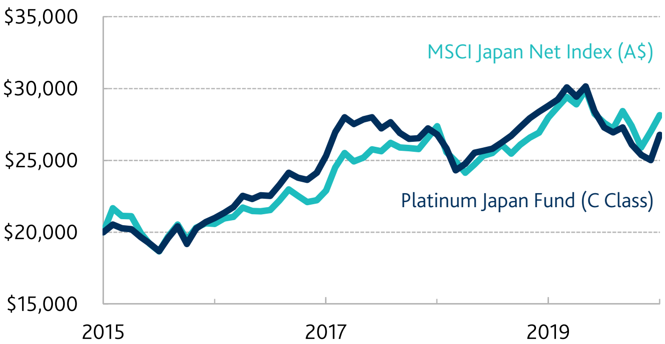
(compound p.a.+, to 30 September 2020)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Japan Fund*	3%	-7%	2%	6%	13%
MSCI Japan Index^	3%	1%	7%	7%	3%

+ Excludes quarterly performance.
* C Class – standard fee option. Inception date: 30 June 1998.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI Japan Net Index in AUD.
Source: Platinum Investment Management Limited, FactSet Research Systems.
Historical performance is not a reliable indicator of future performance.
See note 1, page 40. Numerical figures have been subject to rounding.

Value of $20,000 Invested Over Five Years

30 September 2015 to 30 September 2020



After fees and costs, before tax, and assuming reinvestment of distributions.
Historical performance is not a reliable indicator of future performance.
Source: Platinum Investment Management Limited, FactSet Research Systems. See notes 1 & 2, page 40.

The Fund (C Class) returned 2.5% for the quarter and -7.1% over the year.[1]

The significant gains during the quarter by long-standing holdings, such as **Lixil** (+40%), **DeNA** (+45%), **Iida** (+29%), **Rakuten** (+19%) and **Eisai** (+12%) were augmented by recent purchases, such as **Eiken Chemical** (+18%), **SBI Holdings** (+16%), **Nihon Unisys** (+10%), **SK Hynix** (+12%) and **Anritsu** (+5%). The Japanese yen was roughly flat against most currencies over both the quarter and year.

The Fund has recently been positioned conservatively against a backdrop of significant uncertainty and disruption. This hedging has been achieved through both short positions and ownership of lower-risk equities near historically low valuations. To the detriment to the performance of the Fund, the short positions on expensive companies became significantly more expensive as the valuation dispersion across the market widened to historical extremes.

Changes to the Portfolio

As mentioned above, the Fund made a number of new investments during the quarter. Anritsu is a leading global test equipment supplier for mobile networks, particularly next generation 5G implementation. Nihon Unisys brought mainframe computers to Japan and is now a system integrator with prospective cloud software offerings. Eiken Chemical is expanding its patented coronavirus test methodology, which should help it expand its global testing business, particularly in immunochemistry. SK Hynix is one of the leading global suppliers of DRAM memory for mobile phones and data centres.

Following these purchases and the mid-quarter removal of the majority of the short positions, the Fund owns a diversified portfolio of Japanese companies with good medium and long-term prospects at reasonable valuations.

1 References to returns and performance contributions (excluding individual stock returns) in this Platinum Japan Fund report are in AUD terms. Individual stock returns are quoted in local currency terms and sourced from FactSet Research Systems, unless otherwise specified. Returns for stocks purchased during the quarter are calculated from the price on the date of purchase to the price on 30 September 2020.

Disposition of Assets

REGION	30 SEP 2020	30 JUN 2020	30 SEP 2019
Japan	88%	90%	84%
Korea	9%	4%	5%
Cash	3%	6%	12%
Shorts	-3%	-30%	-13%

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

Net Sector Exposures

SECTOR	30 SEP 2020	30 JUN 2020	30 SEP 2019
Communication Services	26%	25%	11%
Information Technology	21%	8%	13%
Health Care	18%	14%	6%
Consumer Discretionary	11%	11%	19%
Industrials	11%	6%	12%
Materials	4%	3%	7%
Financials	3%	1%	2%
Consumer Staples	1%	-3%	-2%
Energy	0%	0%	5%
Real Estate	0%	0%	0%
TOTAL NET EXPOSURE	94%	64%	75%

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

Net Currency Exposures

CURRENCY	30 SEP 2020	30 JUN 2020	30 SEP 2019
Japanese yen (JPY)	90%	103%	102%
Korean won (KRW)	9%	-3%	3%
US dollar (USD)	1%	1%	15%
Australian dollar (AUD)	0%	0%	-20%

See note 5, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

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

Commentary

The stability and continuity recently seen in Japan stands out against what seems like widespread global turmoil. This was highlighted recently by the smooth political transition following Prime Minister Shinzo Abe's retirement for the second time due to ill health. He retired as the longest-standing prime minister in Japanese political history. He was hoping to preside over the Tokyo Olympics to crown a successful 7.5 years as leader, but instead leaves in the wake of a global pandemic, which has undone a lot of the progress. The likely counterfactual is that without Abe's stability and reform, the country would be in a far worse position today. When he resigned in 2007 for the first time, he was followed by five prime ministers in five years. His return in 2012 was heralded by his "three arrows" of monetary policy, fiscal policy, and growth strategy focusing on structural reform. The subsequent seven-year period has seen record low unemployment, high dividend payouts and increasing share buybacks. Many are surprised that Japan's employment levels recently reached record levels, with higher female and broad employment gains leading to a higher participation rate.

New Prime Minister Yoshihide Suga was Abe's Chief Cabinet Secretary for the last seven years, a fitting post for a lifetime politician with a long history of achievement. He was instrumental in the implementation of Abe's policies and as such, is seen as a bearer of continuity and persistence. The big difference between the two, is their backgrounds, with Suga coming from a relatively humble rural family of strawberry farmers. Throughout his career he has focused on micro reform. His tenure is likely to continue Abe's three arrows, with greater emphasis on growth and reform. This can be seen in his early focus on digital transformation, lower mobile telephone rates and regional revitalisation. Amazingly, for a country which has led the world in various technologies, physical stamps (hanko) and fax machines still feature across

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
CyberAgent Inc	Japan	Comm Services	6.3%
Nintendo Co Ltd	Japan	Comm Services	5.8%
Rakuten Inc	Japan	Cons Discretionary	5.8%
Samsung Electronics Co	Korea	Info Technology	5.1%
Minebea Co Ltd	Japan	Industrials	5.0%
Takeda Pharma Co	Japan	Health Care	4.7%
Nexon Co Ltd	Japan	Comm Services	4.7%
Eisai Co Ltd	Japan	Health Care	4.0%
Nitto Denko Corp	Japan	Materials	3.8%
Oracle Japan	Japan	Info Technology	3.8%

As at 30 September 2020. See note 6, page 40.
Source: Platinum Investment Management Limited

the country. Pandemic statistics are being faxed to a central department in Tokyo for collation. These antiquated processes will see an overdue revamp in the coming years.

To quote from *Land and Stock Prices in Japan* by Douglas Stone and William T Ziemba (1993):[2]

"In late 1991, the total land value in Japan was estimated at nearly $20 trillion. This was more than 20 percent of the world's wealth… Japanese land was then valued at about five times that of the United States; the land under the Emperor's Palace... was estimated to be worth about the same as all the land in California or in Canada."

Further: "... At its peak in December 1989, the Japanese stock market had a value of about $4 trillion, which was about 44 percent of the world's equity market capitalisation. To put that figure in perspective, the value of the equity on all the stock exchanges in the United States in August 1992 was less than $5 trillion."

Fast forwarding to the present, the situation is reversed as highlighted by recent discussion:[3]

"The ranks of the US$1trn club of 'tera-caps' has since been swelled by the addition of Google parent Alphabet, with the combined market cap around US$6trn, which is larger than Japan's entire equity market, the world's second-largest."

Japan is the world's third-largest economy, has a safe and prosperous society across the archipelago, has an industrious and well-educated workforce and leads the world in many essential niches and some important technologies. After a grinding 30 years of negative sentiment toward Japan in general, and the Japanese stock market specifically, it would not be surprising given human psychology for a very different outcome over the next decade.

Recently, Berkshire Hathaway made a large investment in the major Japanese trading houses. These are diversified businesses, but in recent years most of the earnings have come from their commodity exposures across metals and energy. In some ways, this opportunity is specific to Berkshire, as they were able to leverage their returns through their ability to raise cheap, long-term debt when combined with long-term currency hedges to provide suitable returns for their insurance portfolios. They also have a longer-term interest in the diverse underlying business integration opportunities. Nevertheless, this is the first purchase of Japanese assets by Berkshire and highlights the broad value in many parts of the stock market.

Late in the quarter, Nippon Telegraph and Telephone (NTT) bid for the remainder of its subsidiary DoCoMo, which provides mobile telephone services in Japan. This US$40 billion transaction is the largest ever in Japan and continues a string of similar deals where a subsidiary has been consolidated. Japanese corporate governance continues to improve across the board, but there are still broad swathes of opportunity, highlighted by many companies valued at far less than book value and in some cases, less than the cash holdings on the balance sheet. Of course, there are many business merger and integration opportunities. Even more encouraging, is the hint that the traditionally aggressive Japanese business culture may be giving way to more cooperation as the focus shifts to external competition rather than self-defeating internal battles.

While Japan's leading automation, machinery, robotics and machine tool companies appear to be cementing their positions in the global marketplace, there is another wave of IT innovation coming through. SoftBank is seen as a pioneer in this area, but has been subsequently followed by groups such as the ecosystem around Rakuten, the mobile gaming businesses, Cyberagent's efforts and the most recent wave of software entrepreneurs. Japan is far behind many other parts of the world but is likely to rapidly catch-up over the coming years. Rakuten recently announced its 5G mobile phone offering at a very competitive price point. The rollout of its next-generation mobile network is proceeding faster than previously expected, and the addition of 5G services is likewise proceeding quickly. It's hard to see how the competition can respond, even in the longer term, when Rakuten's price cuts more than 50% off a consumer's bill.

Outlook

The many major issues confronting the world are easy to identify, debate and detail. The pockets of high valuations, mini bubbles and economic distortions are paraded across newspapers, Bloomberg terminals and stock chat boards. Add in the pandemic, and it feels and sounds as though this level of turbulence and unpredictability is far higher than recent decades. Against this backdrop, the stability of the Japanese system stands out. While the political system seems to have transitioned calmly following seven years of Abenomics, corporate governance continues to improve while the relentless drive for product improvement is augmented by growing innovation and new product development. This is set against the backdrop of a 30-year psychological trough, low overall valuations and extreme valuation dispersion. In combination with waves of innovation and disruption only seen a few times every century, we believe there are more than enough opportunities to construct an attractive portfolio in the Japanese stock market.

2 Source: https://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.7.3.149

3 Source: https://www.proactiveinvestors.com.au/companies/news/924505/-tera-caps--apple-microsoft-amazon-and-alphabet-will-continue-to-get-bigger-and-bigger-924505.html

Platinum International Brands Fund

James Halse
Portfolio Manager

Performance

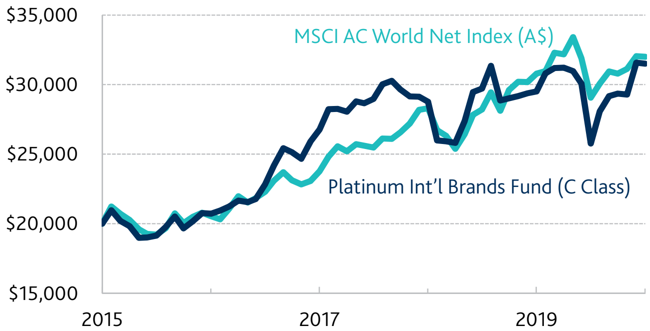
(compound p.a.+, to 30 September 2020)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Brands Fund*	7%	7%	6%	10%	12%
MSCI AC World Index^	4%	4%	10%	10%	4%

+ Excludes quarterly returns.
* C Class – standard fee option. Inception date: 18 May 2000.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI All Country World Net Index in AUD.
Source: Platinum Investment Management Limited, FactSet Research Systems.
Historical performance is not a reliable indicator of future performance. See note 1, page 40. Numerical figures have been subject to rounding.

Value of $20,000 Invested Over Five Years

30 September 2015 to 30 September 2020



After fees and costs, before tax, and assuming reinvestment of distributions.
Historical performance is not a reliable indicator of future performance.
Source: Platinum Investment Management Limited, FactSet Research Systems. See notes 1 & 2, page 40.

Global equity markets returned 4% for the quarter,[1] with a strong rally from August to early September helping to offset the 4% appreciation in the Australian dollar (AUD) vs. the US dollar (USD). Markets responded positively to improving data related to the coronavirus outbreak in the US, and this same dynamic assisted the Fund's holdings in consumer discretionary stocks. Concurrently, our positions in e-commerce and internet media businesses continued to benefit from an acceleration of the shift to digitalisation of consumption. These tailwinds, together with our low exposure to the USD, helped the Fund (C Class) to deliver solid performance, returning 7.3% for the quarter.

It is easy to see now in hindsight, that digital players would be a great beneficiary of the need to social distance from others. Indeed, in the depths of the market sell-off, it was our tentative thinking that stocks such as online fashion retailer ASOS would be medium-term beneficiaries of the pandemic-forced closures and potential bankruptcies of many brick and mortar retailers. Along with a detailed analysis of the company's cash position and ability to withstand a complete shutdown of operations for an extended period, this gave us some comfort in adding significantly to our holdings amidst the dramatic sell-off (73% decline from its mid-February 2020 peak of around £37 to £10 a month later). However, there was also the clear potential for the pandemic to trigger a deep global recession that would see an evaporation of consumer spending, mass unemployment and widespread bankruptcies, as the excesses of leverage in the global system unwound. This tempered our enthusiasm.

While the feared recession and unemployment eventuated, for businesses like ASOS, and even many physical retailers, this has been outweighed by unprecedented government stimulus, as well as a repurposing of consumer spend away from travel and entertainment toward purchases of physical objects. It is in this context that our digital leaders boosted the Fund's returns for the quarter.

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

Online used car retailer **Carvana** led the way in terms of total appreciation, gaining 86% over the quarter. Carvana is a good example of Platinum's approach to investing in stocks with 'growth' characteristics. We view Carvana as a brand likely to become top of mind for US consumers when thinking about purchasing a used car. It has the potential to generate solid profitability on a much larger sales base. However, that potential is yet to be realised as the company is rapidly scaling its business; a costly exercise. On any near-term traditional valuation metric, Carvana has always looked to be an expensive stock, but through our research we gained an appreciation of its growth potential and competitively advantaged position. This allowed us to take the view that the company's valuation would seem much more acceptable a few years out, as the company's growth flowed into its financial statements.

The stock has been volatile, and this has now twice worked to our advantage. We first established a position at around US$37, near the lows occasioned by the sell-off in late December 2018 when Carvana collapsed almost 60% in around two months. As the stock appreciated, we trimmed our position between prices of US$53 and US$108 as the risk/reward trade-off became relatively less favourable. As discussed in the March 2020 quarterly report,[2] the pandemic then provided us with our second opportunity to significantly add to our position, and we have now seen a nine-fold increase from our best entry price. Through this appreciation, we have trimmed amounts totalling almost 5% of the Fund, leaving us with a position size of just over 1% of the Fund. Clearly Carvana is a less attractive stock opportunity now than six months ago following its strong share price appreciation, but the business continues to improve and warrants our continued holding. The company just announced it expects to reach EBITDA[3] breakeven this quarter – a significant milestone for a business still experiencing rapid growth.

By comparison, **ASOS** delivered a relatively pedestrian 50% return for the quarter, but contributed more to performance (1.5%) owing to our larger position size. ASOS is now up almost five-fold from our best entry price near the March lows. Despite its rapid appreciation and trimming amounts equivalent to 5% of the Fund, ASOS continues to be a large position at a more than 3% weighting. The company has worked through its issues in establishing new warehouses in Europe and the US, and has strengthened its executive management team with several recent strong hires.

Other digital performers included online classifieds player **Schibsted** (+65%) and Chinese super-app **Meituan-Dianping** (+52% to exit point during the quarter), along with two of our largest holdings, e-commerce powerhouse **Alibaba** (+36%) and **Facebook** (+15%). Schibsted appreciated after delivering resilient earnings and agreeing with its subsidiary, Adevinta to acquire eBay's large classifieds business, a transformational transaction that we believe should generate significant benefits for the Group. Meituan continued to extend its lead over key competitor Ele.me. Alibaba benefited from a recovery in growth on its core e-commerce platforms, and Facebook saw considerable enthusiasm around its foray into social commerce, while also benefiting from the US government's aggressive action toward its rapidly growing Chinese-owned competitor TikTok.

Other strong contributors to performance included the USA's largest jewellery retailer **Signet** (+82%) as it reported considerable progress in its digital initiatives, premium outerwear brand **Canada Goose** (+39%) as investors warmed to the potential of its Chinese business, and apparel retailer **American Eagle Outfitters** (+36%) as excitement grew around the growth of its inclusive underwear brand Aerie.

2 https://www.platinum.com.au/PlatinumSite/media/Reports/pibfqtr_0320.pdf

3 EBITDA is a measure of a company's operating profitability i.e. the earnings it generates in the normal course of doing business, ignoring capital expenditures and financing costs. It is usually calculated as revenue minus expenses (excluding tax, interest, depreciation and amortisation)..

Disposition of Assets

REGION	30 SEP 2020	30 JUN 2020	30 SEP 2019
North America	42%	40%	27%
Europe	24%	26%	17%
Asia	21%	21%	42%
Japan	5%	4%	8%
Cash	8%	8%	7%
Shorts	-7%	-9%	-20%

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

Net Sector Exposures

SECTOR	30 SEP 2020	30 JUN 2020	30 SEP 2019
Consumer Discretionary	48%	48%	37%
Communication Services	18%	18%	23%
Financials	12%	11%	9%
Industrials	3%	2%	4%
Real Estate	1%	1%	1%
Consumer Staples	0%	2%	0%
Information Technology	0%	0%	0%
Other	2%	2%	0%
TOTAL NET EXPOSURE	85%	84%	73%

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

Likewise, charm-bracelet brand **Pandora** (+27%) continued its outperformance on the back of strength in digital sales and other signs that management's turnaround initiatives are bearing fruit (Pandora is discussed on the following page).

The largest detractor from performance was again our short book, costing the Fund 3.2% in performance in the quarter. Additionally, our positions in European banks, **Bank of Ireland** and **Raiffeisen Bank International** were weak during the quarter, declining 13% and 18% respectively as lower interest rates and fears of pandemic-related credit losses weighed on sentiment. We also saw losses from our holdings in off-mall department store **Kohl's** (-11%) and apparel retailer **Aritizia** (-8%), in line with general weakness in the US apparel sector as many students did not return to school or university, a key driver of sales.

Changes to the Portfolio

We took advantage of strength to trim and even exit some positions. Stocks in the former category included Carvana, ASOS, Facebook and Signet, while stocks in the latter category included Meituan-Dianping, golf equipment leader Callaway, and online gaming operator Flutter Entertainment.

Additionally, we closed several positions where we see the business prospects deteriorating. These include Macau casino operator Melco International and Chinese auto dealer China Zhengtong. Melco faces the prospect of an extended period of weak traffic to Macau as visa restrictions remain in place and authorities crack down on money leaving the mainland, while Zhengtong appears to have used aggressive accounting measures to report profits larger than its cash flows, and has not benefited from the rebound in luxury vehicle demand as we would have expected. We also closed our position in jeweller Tiffany for a small profit as we became uncomfortable with the delays in receiving European competition approvals for the LVMH merger. With the parties entering litigation, we are happy with our decision to exit.

Outlook

Having bottomed in September, daily coronavirus cases are again on the rise in the US. Likewise, in Europe, where we can observe a steady increase from the lows of the European summer. While market sentiment has weakened in Europe, particularly the UK, which is experiencing one of the worst outbreaks, global markets appear to be largely brushing off the latest increase in cases. This may be due to the near-term potential for commercialisation of an effective vaccine, or investors may simply have grown used to the 'new normal'.

Markets have certainly moved strongly ahead of any sustained economic recovery, and many businesses and their employees continue to face a dire situation. Should fiscal stimulus continue to be reduced, we could see a flow-on effect on company earnings. That said, a large portion of our holdings are not yet pricing in a recovery, so we expect some cushioning should a further economic downturn eventuate, and continue to see significant potential across the Fund's positions.

Net Currency Exposures

CURRENCY	30 SEP 2020	30 JUN 2020	30 SEP 2019
Euro (EUR)	22%	23%	23%
Chinese yuan (CNY)	19%	19%	36%
US dollar (USD)	14%	25%	25%
Australian dollar (AUD)	13%	4%	2%
Norwegian krone (NOK)	11%	12%	4%
British pound (GBP)	7%	5%	4%
Japanese yen (JPY)	5%	4%	5%
Russian rouble (RUR)	5%	6%	5%
Canadian dollar (CAD)	4%	4%	4%
Taiwan dollar (TWD)	2%	0%	0%
Danish krone (DKK)	2%	2%	1%
Turkish lira (TRL)	2%	2%	2%
Hong Kong dollar (HKD)	-6%	-6%	-5%
Chinese yuan offshore (CNH)	0%	0%	-6%
Indian rupee (INR)	0%	0%	2%

See note 5, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Alibaba Group Holding	China	Cons Discretionary	4.9%
Facebook Inc	US	Comm Services	4.7%
Tencent Holdings	China	Comm Services	4.6%
Alphabet Inc	US	Comm Services	4.6%
Lixil Group	Japan	Industrials	3.4%
ASOS PLC	UK	Cons Discretionary	3.3%
Planet Fitness Inc	US	Cons Discretionary	3.2%
Ulta Beauty Inc	US	Cons Discretionary	3.1%
Sberbank	Russia	Financials	2.8%
Canada Goose	Canada	Cons Discretionary	2.7%

As at 30 September 2020. See note 6, page 40.
Source: Platinum Investment Management Limited.

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

Pandora's Charm Offensive

By James Foreman, Investment Analyst

Charm bracelet and jewellery brand, Pandora is one of the world's largest with revenues of US$3.3 billion in 2019. Its success is notable given it has a different business model from other large jewellery brands, such as Tiffany and Cartier. Instead of high-priced luxury, Pandora sells accessibly priced but high-quality jewellery, mostly made of silver. Pandora's customers typically begin with a bracelet and one or two charms, and later go on to purchase further charms (up to 15-20) to complete their bracelet. As a result, Pandora experiences strong loyalty effects. Pandora has found broad appeal and succeeded with customers of different ages across the world, from Europe to the US and Asia.

Pandora has been a volatile stock since its 2010 listing. This reflects inconsistent results and large changes in investor opinion on whether its products will remain in demand, or whether charm bracelets are a fad that consumers will tire of. Pandora listed at 210 Danish Krone (kr). Good early results and optimism saw the stock rise to 350kr, before plummeting 90% in 2011 as the silver price spiked and Pandora's strategy to shift pricing upmarket alienated its core customer base, for whom affordability is important. Reversing this mistake as silver prices fell, Pandora went on to grow sales from US$1.2 billion to over US$3 billion in 2016, expanding from ~670 concept stores to ~2,100 over the period. At this time, the stock price traded as high as 1000kr. (Source: FactSet Research Systems)

From 2016 onwards, Pandora's sales momentum in its largest market, the US, slowed and the UK followed shortly after. The company blamed a lack of new charm designs and promised that innovation and expansion into necklaces, earrings and rings, would support sales growth. In reality, Pandora's management team had enjoyed a golden run, but had failed to invest in areas such as advertising and product planning to manage the brand's growth in a sustainable way. A largely Danish management team had difficulty steering the company from a historically wholesale model towards its future as a vertically integrated global brand and retailer. As sales trends weakened, Pandora encountered conflict between its distribution channels – multi-brand jewellery shops, franchised Pandora concept stores, and company-owned stores, and became overly reliant on promotional events to drive sales. The company was slow to invest in e-commerce and relied on third parties, in part because of its history of doing so, a complicated global distribution structure, and issues that arise with franchisees and wholesale partners over lost sales in their stores when a brand pushes its own centralised e-commerce offering.

To offset slowing growth, the company continued to open new stores and acquired franchise stores, thereby increasing its sales and margins. (Pandora sells at a wholesale price to franchisees. Acquiring a franchised store allowed Pandora to capture the full retail selling price and retail margin.) However, investors grew circumspect as same-store sales trends deteriorated, signalling a future decline was likely. Frustrated by the declining share price, Pandora announced large share buy-back plans, clinging to historical sales and margin levels instead of taking the difficult decision to accept lower profits and invest to build capabilities and brand image for longer-term success.

In late 2018/early 2019 with the stock having fallen ~65-75% from 2016 highs, the Pandora Board appointed a new CEO and the company initiated a turnaround plan. The plan encompassed:

- A brand relaunch, with increasing media spend across traditional and online media
- Reducing wholesale inventory through a product buy-back and controlling sell-in
- Reducing the number of products offered and having more product at lower prices
- Reducing the number of sales events
- Improvements to in-store merchandising, including themes, colour and product displays
- Improvements to the functionality and appeal of the online store
- Cost reductions in manufacturing, head office, and technology.

The company hired new talent with global brand experience into its merchandising team and marketing function and is in the process of centralising its e-commerce team. More recent leadership hires have strengthened operations and the Chinese business. The impact of the plan through 2019 was significant sales declines as promotions were cut and shipments to wholesalers reduced. However, in the final quarter of 2019, the company reported a smaller-than-expected sales decline as increased media spend helped drive both in-store and e-commerce sales, signalling to us that the plan was working.

In 2020, the coronavirus pandemic has impacted sales as stores were closed. However, Pandora's e-store grew sales by 176% in the second quarter – an exceptional result. We would expect a shift to online sales to be positive for Pandora as the e-store is very profitable with low shipping costs and return rates. The debate amongst investors today is how Pandora will emerge in 2021, whether the turnaround plan will return the company to growth and what level of profitability is sustainable. If Pandora succeeds in recruiting a new generation of charm collectors, we expect it to enjoy another multi-year period of growth and prove a successful investment.

Platinum International Health Care Fund

Bianca Ogden
Portfolio Manager

Performance

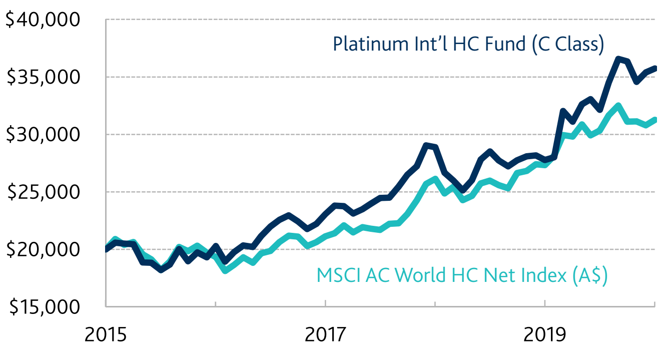
(compound p.a.⁺, to 30 September 2020)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l HC Fund*	-2%	29%	16%	12%	11%
MSCI AC World HC Index^	1%	14%	14%	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 Research Systems.
Historical performance is not a reliable indicator of future performance.
See note 1, page 40. Numerical figures have been subject to rounding.

Value of $20,000 Invested Over Five Years

30 September 2015 to 30 September 2020



After fees and costs, before tax, and assuming reinvestment of distributions.
Historical performance is not a reliable indicator of future performance.
Source: Platinum Investment Management Limited, FactSet Research Systems. See notes 1 & 2, page 40.

While the world is glued to the vaccine race and manufacturing companies are gearing up to fulfil future vaccine orders, biotech executives are making sure their pipelines are robust for years to come. During the quarter, Sanofi acquired its partner, Principia Biopharma, a San Francisco-based biotech firm, to gain full access to Principia's BTK inhibitor.[1] This makes life easier for Sanofi to develop the molecule across many disease indications, including neurology and inflammatory ailments. CEO, Paul Hudson and his team at Sanofi have been very decisive and clear in what pipeline assets are a priority and most importantly, their reasoning behind their decisions. For now, the market remains hesitant, which we see as a solid long-term opportunity.

Gilead Sciences took the "outbid everyone" approach and wrote a rather large cheque to buy Immunomedics, a biotech that recently received approval by the US Food and Drug Association (FDA) of its antibody drug conjugate, Trodelvy for late-stage triple-negative breast cancer (TNBC). It is no secret that Gilead is pivoting to oncology. Trodelvy has good potential but the acquisition price is not to our liking. Johnson & Johnson (JNJ) also went shopping, buying Momenta Pharmaceuticals and gaining a neonatal Fc receptor (FcRn) inhibitor, which will expand JNJ's anti-inflammatory divisions. This class of drugs has the potential to change the dynamic of multiple immune system-related disorders.

Biotechs continue to strengthen their balance sheets either via equity offerings or alliances. **Denali Therapeutics** (+48% for the quarter)[2] entered into an alliance with Biogen, Roche licensed a drug from **Blueprint Medicines** (+19%), while **Assembly Biosciences** (-30%) licensed Chinese rights of its hepatitis B virus (HBV) core inhibitor to BeiGene. New biotech listings continue, particularly in the US and China. Despite a flurry of activity, the small broad biotech index, XBI fell 0.5% over the quarter.[3]

1 Bruton tyrosine kinase (BTK) is a protein important for both normal B cell development and the proliferation of lymphomas, which are B cell cancers.

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

3 SPDR S&P Biotech ETF (XBI), local currency. Source: FactSet Research Systems.

Our Australian biotech holdings progressed nicely this quarter. The FDA granted various designations for **Kazia Therapeutic's** paxalisib that will allow close communication with the FDA as well as a speedier approval assessment by the regulator (Kazia advanced 100% in the quarter). **Telix Pharmaceutical** (+30%) entered into an alliance with Varian (soon to be part of Siemens Healthineers) and submitted its dossier for approval of its prostate imaging agent to the FDA. Finally, similar to Kazia, **Antisense Therapeutics** (+100%) was also granted a Rare Paediatric Disease Designation (RPDD) for its lead asset. This means they may qualify for a voucher that can be redeemed to receive a priority review of a subsequent marketing application for a different product.

Setbacks are part of Biotech. During the quarter, filgotinib, a JAK inhibitor used in the treatment of rheumatoid arthritis developed by **Gilead Sciences** (-18%) and its partner **Galapagos** (-31%) received a complete response letter from the FDA asking for more data. Delay of approval in rheumatoid arthritis in the US is a setback, but interestingly, during the quarter, Japan and Europe granted approval. There is never a dull moment in biotech.

During the quarter, we trimmed a number of our holdings and redistributed the money to companies that had a setback or simply were left behind due to lack of newsflow. We also added new companies to the portfolio that we had been watching for some time. In addition, we increased our short exposure, with the dominant short being the biotech index.

Commentary

Biotech is the next tech, with engineering being at the centre of this evolution (or perhaps revolution). In recent years, the convergence between genomics, molecular biology and proteomics (study of proteins) has been taking shape. Key ingredients to enable this convergence include new laboratory tools as well as computational prowess and most importantly, people who are not confined to their initial university degree. Today, the lines between genomics, proteomics and molecular biology are blurred and the common denominator is engineering, be that the aim to engineer a better antibody therapeutic that carries various warheads at a precise antibody to warhead ratio, or be that a genetics buff looking to introduce various edits into a cell hoping to make the cell a more powerful anticancer agent. Then there are the geneticists that are looking to detect all the genetic variants, requiring cheap and accurate sequencing as well as computational tools. The ramification of all this activity will result in better diagnostic approaches, vast improvements in our understanding of disease pathologies and ultimately a next-generation approach to healthcare. This is what really gets us excited.

Disposition of Assets

REGION	30 SEP 2020	30 JUN 2020	30 SEP 2019
North America	35%	39%	30%
Europe	29%	27%	27%
Oceania	13%	11%	14%
Asia	8%	6%	5%
Japan	6%	7%	6%
Cash	10%	10%	18%
Shorts	-7%	0%	-4%

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

Net Sector Exposures

SECTOR	30 SEP 2020	30 JUN 2020	30 SEP 2019
Biotechnology	49%	51%	44%
Pharmaceuticals	26%	26%	30%
Life Sciences Tools & Services	9%	9%	6%
Health Care Providers & Serv	1%	1%	0%
Health Care Technology	-1%	0%	0%
Health Care Equip & Supplies	-1%	2%	1%
Industrials	1%	0%	0%
Other	-1%	0%	0%
TOTAL NET EXPOSURE	83%	89%	80

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

Net Currency Exposures

CURRENCY	30 SEP 2020	30 JUN 2020	30 SEP 2019
Euro (EUR)	32%	26%	14%
US dollar (USD)	25%	38%	40%
Australian dollar (AUD)	23%	12%	4%
Chinese yuan (CNY)	6%	5%	4%
Japanese yen (JPY)	4%	7%	18%
British pound (GBP)	3%	3%	7%
Swiss franc (CHF)	2%	2%	7%
Swedish krona (SEK)	1%	1%	1%
Danish krone (DKK)	1%	1%	1%
Hong Kong dollar (HKD)	1%	3%	0%
Canadian dollar (CAD)	1%	1%	0%
New Zealand dollar (NZD)	1%	0%	0%
Norwegian krone (NOK)	0%	0%	2%

See note 5, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

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

Since the inception of the Fund in 2003, we have been investing in new technologies that scientists use in basic research or drug development. Several of those investments have been acquired by larger peers, while others have become successful independently. **Pacific Biosciences of California (PACB)** is one of those investments. It sells genetic sequencing equipment and consumables based on so-called long-read technology. Over the years, PACB had its fair share of acquirers but ultimately, no deal came to fruition. Illumina, the company that dominates short-read sequencing (or next-generation sequencing, NGS), was hoping to acquire PACB in late 2018, but due to competition concerns, the deal was abandoned in January this year. We started to build a position in PACB late last year, when everyone was worried about the deal collapsing. To us, PACB's long-read sequencing technology (or third-generation sequencing) had come a long way and will be important in years to come.

Sequencing is a cornerstone of next-generation healthcare, and common perception is that Illumina will dominate. The human genome is too long to be sequenced as one continuous string, comprising over three billion DNA base pairs in length and containing many repetitive stretches of genetic code. Sequencing is done by cutting the genomic sample into pieces (or reads) and then reassembling them like a jigsaw to form a continuous genomic sequence. Long reads, as the name implies, essentially turn samples into a puzzle with fewer pieces. Each approach has their advantages and disadvantages. Short-read sequencing is currently inexpensive, has high throughput (i.e. production rates) and many bioinformatics tools (which are used to piece together the reads) are available. However, assembly of these short fragments can be challenging when it comes to complex genomes for example. Often highly variable structures make short-read assembly difficult and that is where long-read technology comes in. There is a belief in the industry that personalised medicine or rare diseases makes long-read sequencing a necessity, but the issue has been accuracy, throughput and cost. This is changing, however, with PACB's recent new Sequel II machine (introduced in April 2019) along with a new version of chemistry (introduced in October 2019), highlighting why Illumina would have liked to own PACB ahead of the Sequel II launch.

Since the termination of the Illumina-PACB merger, PACB has stepped up to the challenge, raised money and is gradually expanding its sales force. Since mid-September 2020, Christian Henry has taken over as CEO following two years on the board of PACB. Christian Henry is very familiar with sequencing, having been at Illumina for 12 years, where part of that time he was the Chief Financial Officer and Chief Commercial Officer.

There is great potential for long-read sequencing not only in research but also in diagnostics. Technologies have to mature and PACB has gone through a maturation stage. While Roche was a diagnostic partner in 2015, the technology was not ready. In the end, several pieces have to fall into place. The leadership transition from being principally led by a research and development (R&D) team to a commercially experienced team is smart given where the technology is today.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
SpeeDx Pty Ltd	Australia	Biotechnology	4.5%
Sanofi SA	France	Pharmaceuticals	4.1%
Takeda Pharma Co	Japan	Pharmaceuticals	3.7%
Bayer AG	Germany	Pharmaceuticals	2.8%
Pacific Biosciences	US	Life Sciences Tools	2.5%
Kazia Therapeutics	Australia	Biotechnology	2.1%
Zai Lab Ltd ADR	China	Biotechnology	2.1%
Telix Pharmaceutical	Australia	Biotechnology	2.1%
Gilead Sciences Inc	US	Biotechnology	2.1%
Quanterix Corp	US	Life Sciences Tools	2.0%

As at 30 September 2020. See note 6, page 40.
Source: Platinum Investment Management Limited.

Outlook

There is no lack of newsflow in the coming months. The US election and data from vaccine trials will be watched closely, as will SARS-CoV-2 case numbers in the northern hemisphere given winter is fast approaching. Deploying a vaccine is not an overnight exercise and to us, simply signals the next phase of this pandemic. We are watching the therapeutics pipeline carefully, as in the end, to combat the virus we will need both vaccines and therapeutics. The biotech sector has recovered at a rapid speed since March and is taking some time to consolidate.

We remain steadfast and focused on the long-term opportunities within this sector. Biotechs are generally very well-funded, pharma companies continue to add to their pipelines and similar to investors, they are looking for growth opportunities. China's biotech industry is progressing and for now, it is a market in its infancy that offers some very interesting investment opportunities.

Platinum International Technology Fund

Alex Barbi
Portfolio Manager

Cameron Robertson
Portfolio Manager

Performance

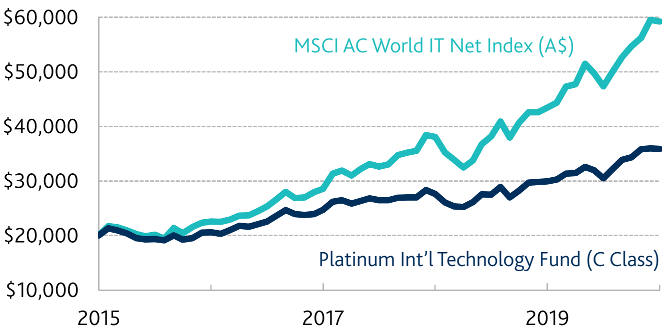
(compound p.a.+, to 30 September 2020)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Tech Fund*	4%	20%	13%	12%	10%
MSCI AC World IT Index^	8%	36%	27%	24%	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 IT Net Index in AUD. Source: Platinum Investment Management Limited, FactSet Research Systems.
Historical performance is not a reliable indicator of future performance.
See note 1, page 40. Numerical figures have been subject to rounding.

Value of $20,000 Invested Over Five Years

30 September 2015 to 30 September 2020



After fees and costs, before tax, and assuming reinvestment of distributions. Historical performance is not a reliable indicator of future performance. Source: Platinum Investment Management Limited, FactSet Research Systems. See notes 1 & 2, page 40.

The Fund (C Class) returned 4.5% for the quarter and 19.9% for the year.[1]

The March rally in technology stocks continued through to August, with the market narrative driven by the post-COVID recovery theme, positive news on the vaccine front, a supportive US Federal Reserve and the approval of a US$2 trillion recovery package from the European Union to support those countries most severely impacted by the virus. At the end of August, the Nasdaq 100 Index had climbed nearly 20% since the end of June.

Early September saw a correction in the trend, as a resurgence of COVID cases in Europe and the USA, and weak US economic indicators raised doubts about the sustainability of the recovery. A political impasse between the US Congress and Senate on the approval of a new economic stimulus package also added to uncertainty. Without some form of additional fiscal support, it is highly unlikely that US economic activity will re-accelerate anytime soon, as long as the virus is still circulating in the community. This contributed to technology stocks retracing some of their gains, with the Nasdaq 100 Index finishing up 12.4% for the quarter.

Top contributors to performance for the quarter were:

- **Taiwan Semiconductor Manufacturing (TSMC)** (+38%). TSMC reported a record high gross margin in the second quarter and guided to much stronger third-quarter growth and full-year sales expectations of more than 20%. Its leading position in advanced lower node semiconductor fabrication technology (which results in faster and more efficient transistors) has made TSMC the essential (and often the only) foundry partner for most semiconductor design companies. TSMC cited 5G and the related applications of the internet of things (IoT) as a strong driver of growth expectations.
- **Schibsted** (+65%). The online media and publishing group reported better-than-expected margins, driven by better cost control. More importantly, investors were also pleased that subsidiary, Adevinta had acquired eBay's

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

online classifieds business, giving it a leading position in general classifieds. The deal, valuing the eBay assets at US$9.2 billion, will leave eBay owning 44% of Adevinta (the 'combined entity'), creating a group with US$2 billion revenues and a presence in 20 countries covering one billion people with three billion monthly visits.

- **Carvana** (+86%). After an initial deceleration in unit sales in March 2020 due to COVID, the online car sales platform bounced back with solid 25% year-on-year unit growth for the June quarter (recording +40% unit growth in the month of June alone). More recently, the company announced that it is expecting record results for retail units sold, total revenue, total gross profit per unit and EBITDA margins for the September quarter. Impressively, they now expect to reach EBITDA break-even this year, well ahead of the market's 2022 expectations.
- **Facebook** (+15%). Facebook reported much better-than-expected second-quarter results, driven by advertising spend from small and medium-sized businesses moving online during lockdowns, while the much-publicised boycott from large advertisers proved to be less impactful in the end. Although still cautious on the macro environment, management also pointed out improving trends in the advertising business. More than 3.1 billion people (+14% year-on-year) use at least one of Facebook's family of apps every month.
- **Samsung SDI** (+19%). Samsung SDI continued to benefit from investors' enthusiasm for companies exposed to the themes of vehicle electrification and renewable energy. As a supplier of lithium batteries to major European automakers, it has indirectly benefited from the increased subsidies recently offered by European governments. Investors are also anticipating future strong orders from North American renewable energy companies for its energy storage systems.

On the negative side of the ledger, our short positions were key detractors from performance, as investors' enthusiasm for cult stocks pushed some valuations well above even the most bullish scenarios. With the benefit of hindsight, we should have covered some of the names much earlier.

Intel (-13%) was another key detractor from performance, with the stock weakening after announcing a disappointing delay in the fabrication of its 7 nanometre (nm) computer processing units (CPUs), widening the performance gap with rival TSMC. Even more surprising was Intel's suggestion of possibly outsourcing manufacturing to third-party foundries if the production of the 7nm CPUs slips any further. This is a huge departure from Intel's traditional role as an integrated device manufacturer. The stock has now de-rated and with a price-to-earnings valuation of 10.7x 2020 earnings, we believe that most of the negative impacts have likely been priced in.

Changes to the Portfolio

During the quarter we established five new positions. We initiated positions in three small companies that supply software and semiconductors to automotive component makers for advanced driver-assistance systems (ADAS) applications. We invested in a leading handset camera lens maker that dominates the high-end segment and is benefiting from the proliferation of high-end cameras in the smartphone industry. We also established a position in a communication equipment and software provider that specialises in critical mission applications (i.e. for emergency and security services).

We also added to our existing positions in **Analog Devices**, **Micron Technology** and **Medallia**, at prices we considered were attractive after some temporary price corrections.

During the months of July and August, with the Nasdaq Composite Index reaching new record highs, we prudently reduced some of our best-performing positions. We trimmed our **Apple** position (a stock we have owned since 2010) as stellar quarterly results triggered a re-rating to a P/E of 37 times prospective earnings and a market capitalisation above the US$2 trillion mark. We reduced **Carvana** as the stock climbed to US$200 - almost double its value since the end of June. While we believe the market opportunity remains open for Carvana, we thought it prudent to take some of the profit off the table. Similarly, we trimmed our positions in **PayPal** and **Schibsted**, taking advantage of some large upward price moves in these stocks.

One stock that we purchased in the June quarter and added to during this quarter was **Amadeus IT Group**, a technology provider of transaction processing solutions to the global travel and tourism industry. Amadeus adds value to the travel industry in two ways. Firstly, it helps travel providers, primarily airlines, to sell their products to customers in the most efficient way, through a large network of traditional and online travel agencies. Its core technology enables travel agents to do real-time search, pricing, booking and ticketing across 489 airlines (vs. 400+ for competitors) and 770,000 hotel properties.[2] It is the leading player with 44% market share, in a market with two other global players (Sabre and Travelport), that are weaker both financially and technologically. Secondly, Amadeus helps airlines, hotels and airports to run various business critical processes (reservations, inventory, departure controls), saving them money by transforming a fixed cost into a variable cost. COVID has had a dramatic impact on travel-related businesses and Amadeus has not been immune. But herein lies the opportunity. Amadeus has initiated a cost-saving program that should contribute to structurally slightly

2 Source: Amadeus 2019 annual report, Platinum Investment Management Limited.

Disposition of Assets

REGION	30 SEP 2020	30 JUN 2020	30 SEP 2019
North America	48%	56%	51%
Asia	20%	22%	20%
Europe	9%	9%	11%
Japan	1%	1%	2%
Cash	22%	12%	17%
Shorts	-4%	-3%	-2%

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

Net Sector Exposures

SECTOR	30 SEP 2020	30 JUN 2020	30 SEP 2019
Information Technology	44%	50%	45%
Communication Services	22%	26%	26%
Consumer Discretionary	5%	5%	4%
Industrials	4%	4%	6%
TOTAL NET EXPOSURE	74%	85%	81%

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

Net Currency Exposures

CURRENCY	30 SEP 2020	30 JUN 2020	30 SEP 2019
US dollar (USD)	43%	49%	58%
Australian dollar (AUD)	16%	7%	0%
Euro (EUR)	11%	10%	4%
Chinese yuan (CNY)	9%	11%	8%
Korean won (KRW)	7%	8%	8%
Taiwan dollar (TWD)	4%	3%	3%
Canadian dollar (CAD)	3%	4%	4%
Norwegian krone (NOK)	2%	2%	3%
Japanese yen (JPY)	2%	2%	6%
Swedish krona (SEK)	1%	1%	1%
British pound (GBP)	1%	2%	3%
Hong Kong dollar (HKD)	1%	0%	0%

See note 5, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

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

higher profitability in a market where they are the dominant player. If one can look through the medium-term business deterioration and believe that people will eventually return to travelling again, Amadeus should emerge as an even stronger player against its competitors.

Outlook

After a 46% cumulated surge in the Nasdaq Composite Index over the last two quarters, questions abound on the sustainability of the current bull market in technology stocks, with valuations now above historic averages. The divergence in performance between high growth and cyclical or value stocks persists in light of a tentative economic recovery and an ultra-low interest rate environment. There are undoubtedly plenty of uncertainties to deal with at this stage. We are witnessing a resurgence in COVID cases in Europe and some US cities. The US economic data is not accelerating higher. A new US stimulus package is struggling to gain agreement. The US presidential election is likely to enter a protracted phase of litigation, should one of the candidates refuse to accept the results on election day or the ballot counting process becomes disorderly. Anti-trust investigations into the major technology platforms continue to present a potential risk. The long-standing trade war between China and the US is increasingly dragging global technology companies into the dispute. While we cannot predict exactly the outcomes of these events, we remain focused on understanding the companies we invest in, taking into consideration the geopolitical and macro background, and adjust the Fund's exposure accordingly. The Fund had a relatively high net cash position of 22% at quarter end, but we are continually screening the markets for new investment ideas. The rapid change of technology always creates disruption in the existing competitive landscapes and that often provides us with the best investment opportunities.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Alphabet Inc	US	Comm Services	5.4%
Facebook Inc	US	Comm Services	4.1%
Tencent Holdings	China	Comm Services	4.0%
Taiwan Semiconductor	Taiwan	Info Technology	3.7%
Samsung Electronics Co	Korea	Info Technology	3.6%
Constellation Software	Canada	Info Technology	2.8%
Carvana Co	US	Cons Discretionary	2.7%
Medallia Inc	US	Info Technology	2.7%
Skyworks Solutions	US	Info Technology	2.6%
Microchip Technology	US	Info Technology	2.6%

As at 30 September 2020. See note 6, page 40.
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.

Earnings before interest, taxes, depreciation & investment (EBITDA)

EBITDA is a measure of a company's operating profitability, i.e. the earnings it generates in the normal course of doing business, ignoring capital expenditures and financing costs. It is usually calculated as revenue minus expenses (excluding tax, interest, depreciation and amortisation).

Price-to-book ratio (P/B)

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

Price-to-earnings ratio (P/E)

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

Price-to-sales ratio (P/S)

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

Purchasing Managers' Index (PMI)

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

Quantitative easing (QE)

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

Shorting

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

Yield

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

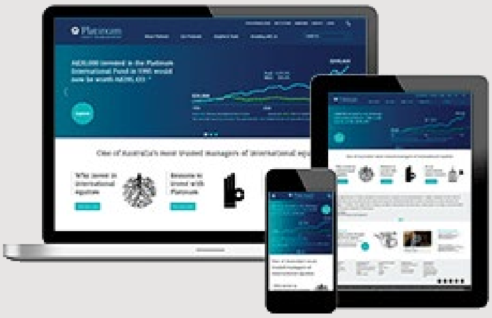
Yield curve

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

The Journal

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

If you find yourself short on time to read our in-depth **reports** and **articles**, have a listen to our Quarterly Reports in **audio podcasts** or watch brief market updates in **video** format.



Recent highlights include:

- **Article - Lifestyle Shift & Urban Flight Spurs Change in Home Spend.**[1] COVID-19 has forced us to change our lifestyle and perhaps rethink where we live. James Foreman, investment analyst, discusses which businesses have fared well and the possible trends he sees ahead.
- **Video - Japan: Leadership Change Provides Scope for More Economic Reform.**[2] Portfolio manager, Scott Gilchrist provides his take on the appointment of Yoshihide Suga as Japan's new prime minister. A lifetime politician with a rural upbringing, Suga provides continuity and stability, but importantly, is expected to continue the focus on micro reform.
- **Video - Andrew Clifford, CIO Talks Performance and Platinum's Approach to Investing.**[3] Andrew Clifford answers the most commonly-asked questions from our clients, focusing on the recent performance of the global equity strategy and Platinum's approach to investing.
- **Video - Speculative Market in Growth Stocks Gives Cause for Concern.**[4] Markets have rebounded strongly from their March lows, despite entering one of the deepest economic downturns in history. But that's not the whole story. There are two very different markets – a speculative market in 'growth' stocks and 'the rest'. With 30+ years' investment experience, Andrew Clifford explains why he believes there is a need for caution.
- **Video – Tapping into the Rising Asian Consumer Beyond China.**[5] The rising Asian consumer theme extends beyond China and there are plenty of enticing and attractively valued investment opportunities on offer. Portfolio manager, Dr Joseph Lai shares his excitement for the region.
- **Video - Market Dislocation Creates Opportunities.**[6] The investment narrative around travel is understandably negative right now, but therein lies the opportunity. Recessions, wars and technological change have not thwarted the industry's impressive growth in the past 50 years, but will it be different this time? Portfolio manager, Clay Smolinski shares his insights and explains why Platinum is investing in this sector.
- **Article - The Quiet Skiing Revolution.**[7] Skiing is a favourite pastime of many and one resort operator has shaken things up. Could the industry be on the cusp of a golden era in a post-COVID world? Investment analyst, Nicholas Markiewicz sheds light on the quiet revolution taking place.

1 https://www.platinum.com.au/Insights-Tools/The-Journal/Lifestyle-Shift-Urban-Flight-Spurs-Change
2 https://www.platinum.com.au/Insights-Tools/The-Journal/Japan-Leadership-Change
3 https://www.platinum.com.au/Insights-Tools/The-Journal/Andrew-Clifford-Talks-Performance
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6 https://www.platinum.com.au/Insights-Tools/The-Journal/Market-Dislocation-Creates-Opportunities
7 https://www.platinum.com.au/Insights-Tools/The-Journal/The-Quiet-Skiing-Revolution

Some Light Relief

Notes

Unless otherwise specified, all references to "Platinum" in this report are references to Platinum Investment Management Limited (ABN 25 063 565 006, AFSL 221935).

Some numerical figures in this publication have been subject to rounding adjustments. References to individual stock or index performance are in local currency terms, unless otherwise specified.

1. Fund returns are calculated by Platinum using the net asset value unit price (i.e. excluding the buy/sell spread) of the stated unit class of the Fund and represent the combined income and capital returns over the specified period. Fund returns are net of fees and costs, pre-tax, and assume the reinvestment of distributions. The MSCI index returns are in AUD, are inclusive of net official dividends, but do not reflect fees or expenses. Where applicable, the gross MSCI index was used prior to 31/12/98. MSCI index returns are sourced from FactSet Research Systems. Platinum does not invest by reference to the weightings of the specified MSCI index. As a result, the Fund's holdings may vary considerably to the make-up of the specified MSCI index. MSCI index returns are provided as a reference only. The investment returns shown are historical and no warranty is given for future performance. Historical performance is not a reliable indicator of future performance. Due to the volatility in the Fund's underlying assets and other risk factors associated with investing, investment returns can be negative, particularly in the short term.
2. The investment returns depicted in the graph are cumulative on A$20,000 invested in C Class (standard fee option) of the Fund over the specified period relative to the specified MSCI index in AUD.
3. The geographic disposition of assets (i.e. other than "cash" and "shorts") shows the Fund's exposures to the relevant countries/regions through its long securities positions and long securities/index derivative positions, as a percentage of its portfolio market value. With effect from 31 May 2020, country classifications for securities were updated to reflect Bloomberg's "country of risk" designations and the changes were backdated to prior periods. "Shorts" show the Fund's exposure to its short securities positions and short securities/index derivative positions, as a percentage of its portfolio market value. "Cash" in this table includes cash at bank, cash payables and receivables and cash exposures through derivative transactions.
4. The table shows the Fund's net exposures to the relevant sectors through its long and short securities positions and long and short securities/index derivative positions, as a percentage of its portfolio market value. Index positions (whether through ETFs or derivatives) are only included under the relevant sector if they are sector specific, otherwise they are included under "Other".

   The Platinum Unhedged Fund does not undertake any short-selling. As a result, its net sector exposures through its securities positions and securities/index derivatives positions are its sector exposures through its long securities and long securities/index derivatives positions.
5. The table shows the Fund's net exposures to the relevant currencies through its long and short securities positions, cash at bank, cash payables and receivables, currency forwards and long and short securities/index derivative positions, as a percentage of its portfolio market value. Currency classifications for securities reflect the relevant local currencies of the relevant Bloomberg country classifications. The table may not exhaustively list all of the Fund's currency exposures and may omit some minor exposures.

   The Platinum Unhedged Fund does not undertake any short-selling. As a result, its net currency exposures through its securities positions and securities/index derivatives positions are its currency exposures through its long securities and long securities/index derivatives positions.
6. The table shows the Fund's top ten positions as a percentage of its portfolio market value taking into account its long securities positions and long securities derivative positions.

Disclaimers

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About us

Investor services numbers

Monday to Friday, 8.30am – 6.00pm AEST

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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$21 billion. Platinum's ultimate holding company, Platinum Asset Management Limited (ASX code: PTM), listed on the ASX in May 2007, and Platinum's staff continue to have relevant interests in the majority of PTM's issued shares.

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

* Please refer to page 2.

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