

### Facts

Portfolio value	\$9.93 bn
Fund commenced	30 April 1995
Minimum investment	A\$10,000 or NZ\$10,000
Regular Investment Plan (min.)	A/NZ\$5,000 plus A/NZ\$200 mth/qtr
Income distribution date	Annual, 30 June
Unit valuation	Sydney Business Day
Unit prices C Class	App - 2.0513 Red - 2.0410
Unit prices P Class	App - 1.0056 Red - 1.0005

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

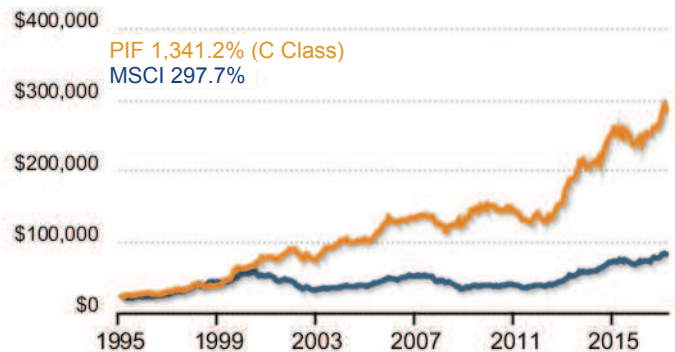
	P Class %	C Class %	MSCI %
1 month		1.13	(1.24)
3 months		3.35	(1.13)
6 months		11.55	6.07
Calendar year to date		10.72	3.93
1 year		18.74	11.40
2 years (compound pa)		5.86	3.54
3 years (compound pa)		10.93	11.79
5 years (compound pa)		17.96	17.15
7 years (compound pa)		10.40	11.67
10 years (compound pa)		7.80	4.90
Since inception (compound pa)	0.31	12.74	6.40

### Fees

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

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

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



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

	LONG %	NET %	CURRENCY %
Australia	0.2	0.2	0.9
Austria	1.0	1.0	
Brazil	0.5	0.5	0.5
Canada	0.6	0.6	0.6
China	4.6	4.6	6.4
China Ex PRC	18.2	18.2	
Hong Kong	0.0	0.0	12.0
Taiwan	0.4	0.4	0.4
Denmark	1.0	1.0	1.0
France	4.0	4.0	
Germany	3.9	3.9	
Hungary	0.2	0.2	0.2
India	6.7	6.7	7.0
Italy	3.0	3.0	
Japan	12.8	12.8	8.6
Korea	8.2	8.2	8.2
Malaysia	0.7	0.7	0.7
Norway	1.0	1.0	6.8
Russia	0.7	0.7	
Sweden	0.2	0.2	0.2
Switzerland	2.6	2.6	1.0
Thailand	0.3	0.3	0.4
United Kingdom	6.2	6.2	4.7
United States	15.9	6.1	26.4
	92.7	82.9	
Euro Currency			14.3
Cash	7.3	17.1	
Total	100.0	100.0	100.0

Long - 131 stocks, 2 swaps, 1 bond Short - 7 stocks, 2 indices

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

STOCK	COUNTRY	INDUSTRY	%
Samsung Electronics Co Ltd	Korea	Info Technology	3.2
Alphabet Inc	USA	Info Technology	2.9
Ping An A Share Pnote Exp	China	Financials	2.6
Lixil Group Corporation	Japan	Industrials	2.4
PICC Property & Casualty Co	China Ex PRC	Financials	2.4
Baidu com ADR	China Ex PRC	Info Technology	2.3
Tencent Holdings Ltd	China Ex PRC	Info Technology	2.2
Sanofi SA	France	Health Care	2.1
KB Financial Grp	Korea	Financials	2.0
Oracle Corp	USA	Info Technology	2.0

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

SECTOR	LONG %	NET %
Info Technology	24.1	24.1
Financials	17.0	17.0
Cons Discretionary	12.9	12.3
Energy	8.4	8.4
Health Care	8.0	8.0
Industrials	7.0	7.0
Materials	6.3	6.3
Consumer Staples	3.8	1.4
Utilities	3.2	3.2
Real Estate	1.7	1.7
Telecom Services	0.2	0.2
Other*	0.0	(6.7)

\* Includes index short positions

Platinum Investment Management Limited ABN 25 063 565 006 AFSL 221935, trading as Platinum Asset Management ("Platinum") is the responsible entity and issuer of units in the Platinum International Fund (the "Fund"). The Platinum Trust Product Disclosure Statement No. 11 dated 3 July 2017 ("PDS") provides details about the Fund. You can obtain a copy of the PDS from Platinum's website [www.platinum.com.au](http://www.platinum.com.au), or by contacting Investor Services on 1300 726 700 (Australian investors only), or 0800 700 726 (New Zealand investors only), or 02 9255 7500, or via [invest@platinum.com.au](mailto:invest@platinum.com.au).

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No company or the directors in the Platinum Group@ guarantee the performance of the Fund, the repayment of capital, or the payment of income. To the extent permitted by law, no liability is accepted by any company of the Platinum Group or their directors for any loss or damage as a result of any reliance on this information.

The market commentary reflects Platinum's views and beliefs at the time of preparation, which are subject to change without notice. No representations or warranties are made by Platinum as to their accuracy or reliability.

1. Investment returns are calculated using the Fund's daily unit price for C Class and P Class, and represent the combined income and capital returns for each of these unit classes in the specified period. They are net of fees and costs (excluding the buy-sell spread). Returns for C Class are net of any investment performance fee payable. Returns for P Class are net of any accrued investment performance fee. All returns are pre-tax and assume the reinvestment of distributions. Investment returns are calculated relative to the MSCI All Country World Net Index in A\$ (nb. the gross MSCI Index was used prior to 31 December 1998 as the net MSCI Index did not exist). The investment returns shown are historical and no warranty can be given for future performance. You should be aware that historical performance is not a reliable indicator of future performance. Due to the volatility of underlying assets of the Fund and other risk factors associated with investing, investment returns can be negative (particularly in the short-term). Source: Platinum for fund returns and RIMES Technologies for MSCI returns.

2. The investment returns depicted in this graph are cumulative on A\$20,000 invested in the Fund since inception relative to the MSCI All Country World Net Index in A\$ ("Index") (nb. the gross MSCI Index was used prior to 31 December 1998 as the net MSCI Index did not exist). The investment returns are calculated using the Fund's unit price (C Class). They are net of fees and costs (excluding the buy-sell spread and any investment performance fee payable), pre-tax and assume the reinvestment of distributions. It should be noted that Platinum does not invest by reference to the weightings of the Index. Underlying assets are chosen through Platinum's individual stock selection process and as a result holdings will vary considerably to the make-up of the Index. The Index is provided as a reference only. Source: Platinum for fund returns and RIMES Technologies for MSCI returns.

3. The Long% represents the exposure to physical holdings, corporate fixed income securities and long stock derivatives as a % of NAV. The "Net %" represents the exposure of physical holdings and both long and short derivatives. The "Currency %" represents the currency exposure for the Fund as a % of NAV, taking into account currency hedging.

4. Top Ten positions shows the Fund's top long share exposure positions as a % of NAV. Long derivative exposures are included, however, short derivative exposures are not.

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It is pleasing to note for investors that the annualised return of 18%\* per annum that the Fund has delivered over the last five years is the strongest annualised five year return since the five years to June 2004 and equates to a cumulative return of 128%\*. The last twelve months, have seen the Fund return 19%\*, which sits well against the opportunity set rising by only 11%\*.

Markets seemed to change around the time of Brexit and since June 2016 there has been a big bifurcation between the positive outcome for cyclical, led by Financials and Technology, and defensives, with Energy the worst performer of all. Over this period, country returns diverged less than this clear split, as defensives had become "bond proxies" and suffered relatively as bond markets peaked and investors became reassured by strong economic and corporate outcomes.

Since the beginning of 2017 and the fading of the post-Trump enthusiasm, there has been more of a divergence in country returns. China (+23%)\*, Korea (+21%)\* and India (+18%)\* are leading the way, while Japan (+2%)\* and the US (+1%)\* are the laggards. Technology has been strong and Energy equivalently weak. Aside from that, sector divergence has narrowed. It is no surprise then that the three biggest contributors to the Fund's returns over the last year have been Asian Technology companies – Samsung, Tencent and Sina, with Korean bank, KB Financial also making an impact.

Looking around the world today, US corporate earnings season has seen companies overall in general good health but the US dollar has come under considerable pressure. Meanwhile in China, there is an increasing focus on reducing pollution and a rebuild has started in foreign reserves after a period of drawing down. Finally in Japan, Prime Minister Abe's popularity is waning, while corporate profits and the job market are robust. While the company Amazon is doing a great job, we note that a lot of discussion in markets today revolves around their impact – such intense attention tends to lead to opportunities elsewhere.

The Fund maintains a positive exposure to markets, with Asia-Pacific and Europe dominant in the portfolio. At a macro level, we have been expounding the view that the continued rebalancing in China towards consumption and the recovery in Europe, may lead to a change in global capital flows, which have favoured English-speaking deficit nations such as the US, UK and Australia. We note the recent strength in the Australian dollar as an opportunity for local clients to increase exposure to overseas assets but caution that the US market may not offer the diversification that people expect if European and Asian capital seeks more domestic opportunities. We continue to be concerned that passive investing is becoming increasingly popular as it reflects simply that a multi-year bull market makes historic returns look tantalising.

One of the latest hot investment concepts is that of passive investing, the appeal of which is simply that markets have been doing well and so temporarily it feels that the value add of active managers – stock selection and risk management – is diminished. At any point that investors have started to believe such rhetoric, they have generally been badly burned. This table shows that the returns we have delivered over the last year could not have been replicated passively.

Region	Fund's (Net) Exposure %	Index Return %	*ETF Outcome%*	Fund's Contribution %
Asia	35	16	5.6	11.9
Europe	23	13	3.0	4.3
Japan	13	7	0.9	2.6
North America	10	10	1.0	1.9
Cash/FX	19	1.5 (RBA)	0.3	0.0
<b>Net Return (12 months)</b>			<b>10.8</b>	<b>18.7</b>

^"ETF Outcome%" = Net Exposure% X Index Return%/100

Net Exposure represents the Fund's exposure as a % of NAV of physical holdings and both long and short derivatives as at 31.7.17

The index returns relate to MSCI AC Asia ex Japan, MSCI AC Europe, MSCI USA, MSCI Japan. Cash is RBA Cash Rate. ETF outcome is assumed to achieve index return.

The investment returns shown are historical and no warranty can be given for future performance. You should be aware that historical performance is not a reliable indicator of future performance.

## The real world



	China & India	European Union	USA
Population (m)	2748	508	324
Land Area (m sq km)	12.9	4.4	9.5
GDP PPP 2017 (\$ tn)	32.7	20.9	19.4
MSCI AC World	4.4%	18.5%	52.1%
Platinum International Fund (net exposure)	29.5%	19.5%	6.1%

Source: UN, IMF, RIMES Technologies Ltd (31.07.17), Platinum Investment Management Ltd (31.07.17). Net Exposure represents the Fund's exposure as a % of the portfolio's physical holdings and both long and short derivatives as at (31.7.17)



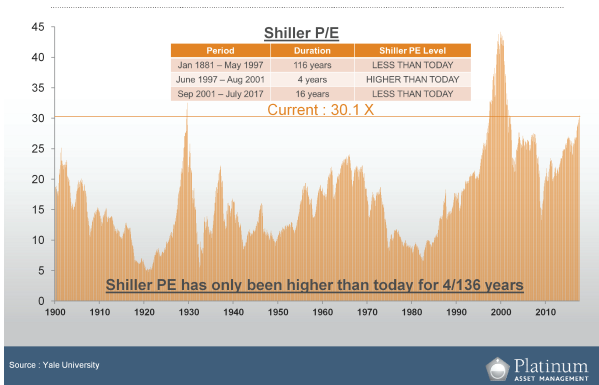
## The rotation since Brexit



Source: RIMES Technologies Ltd (31.07.17)



## US Valuations: Not a Good Entry Point!



Source : Yale University



\*Please see footnote 1 on the front page for our performance disclaimer. Past performance is not a reliable indicator of future performance.

\*\*Country returns represent the returns of the MSCI All Country World Index from 1/1/17-31/7/17