

Facts

Portfolio value	\$8.23 bn
Fund commenced	30 April 1995
Minimum investment	A\$10,000 or NZ\$10,000
Regular Investment Plan (min.)	A/NZ\$5000 plus A/NZ\$200 mth/qtr
Income distribution date	Annual, 30 June
Unit valuation	Sydney Business Day
Unit prices C Class	App - 1.7998 Red - 1.7944
Unit prices P Class	App - 0.8560 Red - 0.8534

Performance ¹

	C Class %	P Class %	MSCI %
1 month	2.67	2.69	2.91
3 months	2.44	2.50	3.49
6 months	(4.16)	(4.04)	0.45
Calendar year to date	(8.22)	(8.07)	(0.44)
1 year	(2.79)	(2.55)	6.16
2 years (compound pa)	(0.63)	(0.38)	6.60
3 years (compound pa)	2.78	2.76	11.56
5 years (compound pa)	5.40		9.28
7 years (compound pa)	8.05		12.07
10 years (compound pa)	8.44		11.96
Since inception (compound pa)*	11.57	3.42	7.02

Invested positions ³

	Long %	Short %	Net %	Currency %
Asia-Pacific	44.5	(0.2)	44.3	63.1
Australia	3.3		3.3	20.8
China	18.2		18.2	19.0
Hong Kong	2.3		2.3	2.9
Taiwan	0.6		0.6	0.5
India	1.6		1.6	1.6
Japan	11.6		11.6	11.6
Korea	6.7		6.7	6.7
New Zealand		(0.2)	(0.2)	(0.2)
Thailand	0.1		0.1	0.1
North America	29.0	(4.0)	25.0	4.5
Canada	3.1		3.1	3.2
United States	25.9	(4.0)	21.9	1.3
Europe	17.3	(0.2)	17.2	31.3
Austria	1.1		1.1	
Belgium	0.1		0.1	
Denmark	0.4		0.4	0.4
Finland	0.7		0.7	
France	3.7		3.7	
Germany	4.0		4.0	
Ireland	1.5		1.5	
Italy	1.3		1.3	
Netherlands	0.0	(0.2)	(0.2)	
Norway	0.2		0.2	0.2
Spain	2.9		2.9	
United Kingdom	1.4		1.4	1.4
Euro				29.2
Other	1.1		1.1	1.1
Zambia	1.1		1.1	1.1
Sub-Total	92.0	(4.4)	87.5	100.0
Cash	8.0	4.4	12.5	
Total	100.0		100.0	100.0

Long - 95 stocks, 2 swaps Short - 9 swaps, 1 index

NB: With effect from 31 May 2020, our country classifications for securities were updated to reflect Bloomberg's "country of risk" designations, and our currency classifications for securities were updated to reflect the relevant local currencies of our country classifications.

Platinum Investment Management Limited ABN 25 063 565 006 AFSL 221935, trading as Platinum Asset Management ("Platinum") is the responsible entity of the Platinum International Fund (the "Fund"). The Fund's latest Product Disclosure Statement (the "PDS") provides details about the Fund. You can obtain a copy of the PDS from Platinum's website 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. This information is general in nature and does not take into account your specific needs or circumstances. You should consider your own financial position, objectives and requirements and seek professional financial advice before making any financial decisions. Numerical figures have been subject to rounding. Platinum does not guarantee the performance of the Fund, the repayment of capital or the payment of income. 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. To the extent permitted by law, no liability is accepted by Platinum for any loss or damage as a result of any reliance on this information.

1. & 2. Source: Platinum for Fund returns and Factset Research Systems for MSCI returns. Investment returns are calculated using the Fund's NAV unit price (i.e. exclude a buy/sell spread) for C Class and P Class (as indicated), and represent the combined income and capital returns for each of these unit classes in the specified period. All returns are pre-tax, net of fees and costs and assume the reinvestment of distributions. Returns for P Class are net of any accrued investment performance fee. The returns are calculated relative to the MSCI All Country World Net Index in A\$ (the gross MSCI Index was used prior to 31/12/98). Since inception date for C Class is 30/04/95 and for P Class is 03/07/17. Since inception date of C Class has been used for the purposes of calculating since inception returns of the index. The investment returns depicted in the graph are cumulative on A\$20,000 invested in C Class units in the Fund since the C Class inception date. Past performance is not a reliable indicator of future returns. Platinum does not invest by reference to the weightings of the index. The index is provided as a reference only.

3. The geographic "Long %" is the exposure to long securities and long securities/index derivative positions, the geographic "Short %" is the exposure to short securities and short securities/index derivative positions and the geographic "Net %" is the difference between the geographic "Long %" and the geographic "Short %", each as a percentage of the market value of the Fund's portfolio. The "Currency %" is the effective currency exposure as a percentage of the market value of the Fund's portfolio taking into account long and short securities, cash, forwards and long and short securities/index derivative positions. The cash "Long %" includes cash at bank, cashflows expected from forwards and effective cash exposures resulting from long securities/index derivative positions, the cash "Short %" includes effective cash exposures resulting from short securities/index derivative positions and the cash "Net %" is the difference between the cash "Long %" and the cash "Short %", each as a percentage of the market value of the Fund's portfolio. For the "Industry breakdown", 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".

4. The "Top ten positions" show the Fund's top ten long securities positions as a percentage of the market value of the Fund's portfolio (including long securities and long securities derivative positions).

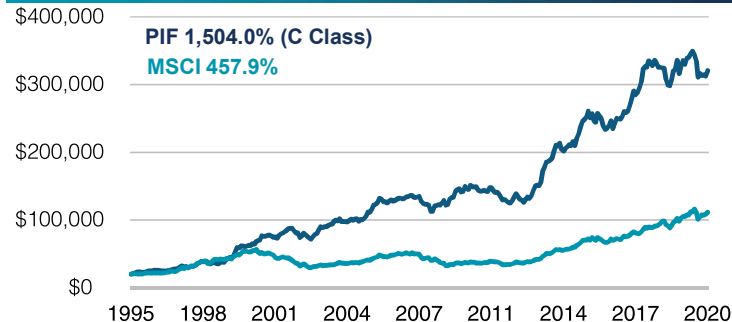
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Fees

Entry fee	Nil
Buy/sell spread	0.15%/0.15%
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 ²



Top ten positions ⁴

Stock	Country	Industry	%
Samsung Electronics Co Ltd	Korea	Info Technology	3.7
LG Chem Ltd	Korea	Materials	3.0
Ping An Insurance	China	Financials	3.0
Amadeus IT Holdings	Spain	Info Technology	2.9
Booking Holdings Inc	United States	Cons Discretionary	2.8
Glencore plc	Australia	Materials	2.7
Facebook Inc	United States	Comm Services	2.6
ZTO Express Inc	China	Industrials	2.6
Takeda Pharma Co	Japan	Health Care	2.5
Microchip Technology	United States	Info Technology	2.5
Total			28.3

Industry breakdown ³

Sector	Long %	Short %	Net %
Industrials	18.1	(0.4)	17.7
Info Technology	16.4	(0.9)	15.5
Materials	13.2		13.2
Consumer Discretionary	12.8		12.8
Financials	11.5		11.5
Communication Services	8.3		8.3
Health Care	7.7		7.7
Real Estate	1.9		1.9
Energy	1.8		1.8
Utilities	0.2		0.2
Consumer Staples		(1.0)	(1.0)
Other		(2.2)	(2.2)

Market update and commentary

- Investors faced with “two stock markets” – raging bull (or emerging bubble) in growth and bear market in economic sensitives.
- Dangerous environment for retail investors chasing returns. **Remember - speculation is not investing.**
- Rotating early, consistent with our philosophy, has hurt relative returns in extreme conditions since early 2018.

Market Commentary

The divergence in markets keeps widening. The polarisation has created “two stock markets” – growth stocks rising rapidly, while most stocks reflect the recession. Ultra-low interest rates and money supply growth are offsetting COVID-19's impact. When ‘crowding’ occurs, we must look elsewhere. This split masks opportunities in areas we think are robust like semiconductors, travel and Chinese consumption.

Alarm bells ring loudly as retail investors climb on board. During August we saw an incredible market response to stock-splits by Apple and Tesla. Despite creating no value in our view, both stocks “went vertical”. We also note the increase in stock issuance and proliferation in the number of special purpose acquisition companies (SPACs), reminding us of previous late-stage bull markets. We can't define the timing - we suspect it's more than weeks, but less than years – but we think this will almost certainly end badly with permanent impairment of capital for many.

Recent market action around COVID-19 (sell-off and rebound) saw no change in market leadership. We await an acceleration of economic sensitives or a further narrowing, or even collapse, of the current leaders as indicative of the next phase.

Our philosophy is price driven. We look for stock mispricings. This includes buying growing companies like Tencent, Google (now Alphabet), Facebook and Moderna when they were misunderstood. We naturally miss out on buying expensive stocks that can keep rising. This may be uncomfortable but it is not a concern; it is simply not what we do. We build our portfolio by migrating from hotter to cooler areas of the market. Over the last two+ years, this has been in the economically sensitive areas such as China, semiconductors and travel.

COVID-19 roiled markets, but we have remained steadfast. To give a sense of the portfolio's earnings power - the P/E is 13x FY0 (last reported financial year) earnings, or an earnings yield approaching 8%. Contrast this with cash yielding close to or below 0% in the major economies (Source: RBA) and the MSCI All Country World Index (ACWI) FY0 P/E of 22x (4-5% earnings yield) (Source: FactSet Research Systems).

Performance Analysis

In last month's report ([Click Here](#)) we analysed medium- to long-term performance. Relative underperformance has coincided with the “Post-GFC Bull Divergence Phase” including 2018, 2019 and 2020. The Fund's -2% cumulative return from 31 December 2017 to 31 August 2020 lags the MSCI ACWI's 27% cumulative return over the same period. Within this, we have lagged the three “Up Waves”. The third “Up Wave” started on 23 March 2020, and as at 31 August 2020, our 7% cumulative return lagged the ACWI's 20% cumulative return.

Focusing on the last 12 months, the Fund's short positions have cost 8%. This is disappointing given their role is to reduce risk.

On the long side, despite the markets being driven by Apple, Amazon and Microsoft, we have delivered market-like returns (refer to the attribution table below). Investments in IT, Communications, Industrials, Materials and Healthcare contributed 12% to returns, led by LG Chem (Korean battery maker), ZTO Express (Chinese logistics company), chipmakers Skyworks, Microchip and Samsung, platforms Facebook, Tencent and Alphabet, vaccine maker Moderna and Indian telco operator Bharti Airtel. Investments in Financials and Energy offset this to the extent of 7%, with oil-related investments TechnipFMC, Transocean and Seven Generations, combined with previously successful investments in the Chinese insurance sector, in the vanguard. Active currency positions made a meaningful positive contribution.

1 year to 31 August 2020	Average Weight %	Contribution %
Long Portfolio	90	4
Short Positions	(13)	(8)
Cash / FX	23	2
Total (Fund, net of fees)		(3)
Comparison (MSCI AC World Net Index (A\$))		6

Source: Platinum. Numbers are based on individual portfolio positions. Contribution numbers may not add up due to rounding and the effect of fees.

Valuation: Earnings forecasts at this stage have less value than normal due to COVID-19 impacts, but valuation of the portfolio against historic earnings (FY20 is last reported financial year) gives a sense of its earnings power. There is value in an absolute and relative sense.

Metric	Platinum International Fund	MSCI AC World Net Index (A\$)
FY0 Earnings Yield	7.6% (Price to Earnings ratio of 13.1x)	4.5% (Price to Earnings ratio of 22x)
FY0 Dividend Yield	3.1%	2.5%
Price-to-Book Ratio	1.5	2.3
Enterprise Value-to-Sales	1.5	1.7

The valuations in the table in respect of the Fund have been calculated by Platinum and refer to the long portion of the portfolio, excluding negative net earnings, and using FactSet consensus earnings.

Past performance is not a reliable indicator of future returns.