

Facts

Portfolio value	\$7.96 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 - 1.7764 Red - 1.7710
Unit prices P Class	App - 0.8450 Red - 0.8424

Performance ¹

	C Class %	P Class %	MSCI %
1 month	(1.30)	(1.29)	(0.15)
3 months	0.66	0.72	3.87
6 months	1.81	1.93	10.08
Calendar year to date	(9.41)	(9.25)	(0.58)
1 year	(6.48)	(6.25)	3.93
2 years (compound pa)	(1.14)	(0.90)	6.32
3 years (compound pa)	1.32	1.44	10.40
5 years (compound pa)	5.32		9.85
7 years (compound pa)	7.70		12.02
10 years (compound pa)	8.29		11.86
Since inception (compound pa)*	11.48	2.92	6.99

Invested positions ³

	Long %	Short %	Net %	Currency %
Asia-Pacific	45.3	(0.4)	44.9	53.4
Australia	3.3		3.3	9.7
China	17.1		17.1	18.0
Hong Kong	2.4		2.4	3.2
Taiwan	1.4		1.4	1.4
India	1.5		1.5	1.5
Japan	12.8	(0.3)	12.5	12.8
Korea	6.6		6.6	6.6
New Zealand		(0.1)	(0.1)	(0.1)
Thailand	0.1		0.1	0.1
Europe	17.6		17.6	22.1
Austria	1.0		1.0	
Belgium	0.2		0.2	
Denmark	0.4		0.4	0.4
Finland	1.4		1.4	
France	3.6		3.6	
Germany	3.9		3.9	
Ireland	1.4		1.4	
Italy	1.1		1.1	
Norway	0.3		0.3	0.3
Spain	2.9		2.9	
United Kingdom	1.4		1.4	1.3
Euro				20.2
North America	27.3	(15.4)	12.0	23.7
Canada	2.7		2.7	3.0
United States	24.7	(15.4)	9.3	20.7
Other	0.9		0.9	0.9
Zambia	0.9		0.9	0.9
Sub-Total	91.1	(15.8)	75.3	100.0
Cash	8.9	15.8	24.7	
Total	100.0		100.0	100.0

Long - 92 stocks, 2 swaps Short - 11 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).

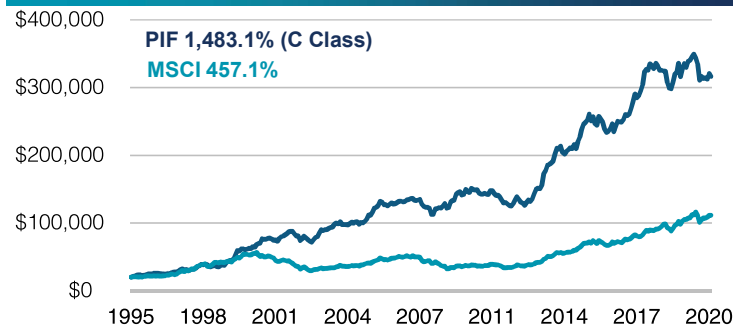
All data where MSCI is referenced is the property of MSCI. No use or distribution of this data is permitted without the written consent of MSCI. This data is provided "as is" without any warranties by MSCI. MSCI assumes no liability for or in connection with this data. Please see full MSCI disclaimer in <https://www.platinum.com.au/Special-Pages/Terms-Conditions>

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	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	United States	Info Technology	2.5
Booking Holdings Inc	United States	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
Total			27.6

Industry breakdown ³

Sector	Long %	Short %	Net %
Industrials	19.0	(0.4)	18.6
Info Technology	17.7	(0.8)	16.9
Materials	13.3		13.3
Consumer Discretionary	12.5	(0.6)	11.9
Financials	11.2		11.2
Health Care	8.0	(0.3)	7.7
Communication Services	6.1		6.1
Real Estate	1.8		1.8
Energy	1.4		1.4
Utilities	0.2		0.2
Consumer Staples		(0.5)	(0.5)
Other		(13.2)	(13.2)

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

Market Commentary

We have talked *ad nauseum* about the dispersion in markets – indeed we have described “two stock markets” – the mania in much-loved growth stocks and a bear market in the economically sensitive stocks. This month we made meaningful changes to the Fund's exposure, as the crescendo in excitement encouraged us to reintroduce short positions on the technology heavy Nasdaq 100 Index, and we trimmed back successful investments in both Alphabet (Google parent) and Facebook. We expect the shorts to be dynamically managed as conditions evolve.

Along with short positions, another major component in risk management is our currency exposure. During the month, while we believe the medium-term outlook for the US dollar will likely suffer from excessive money printing, we sensed that this was becoming well known, and, as our US dollar position was large, we swapped some Australian dollars and Euros for US dollars. However, do not be surprised if in due course we adjust this again.

With the US election looming, this will likely dominate media coverage, but observing the first debate, it is very hard to be inspired by what lies ahead. Markets tend to respond quickly to changes in expectations derived from polling, and analysis thereof. The best strategy remains to be ready to respond if prices react violently to any surprise outcomes.

While the long-term trends are not yet being challenged, there have been several episodes in recent months that have temporarily given investors a sense of what might happen if there is a change in market leadership – the first half of September being another such episode. The challenge in answering the common question of what will lead to a sustained change is that one can never know. Nobody rings a bell. There is never a clear and identifiable trigger. But what is clear is that there is incredible value in certain parts of the market – this explains our adding travel exposures in recent months for example – and there are also vast pockets where permanent impairment of capital seems likely to us. We continue to employ our time-tested approach, a key tenet of which, is the need to be patient.

Performance Analysis

In our July report ([Click Here](#)) we analysed medium-to-long-term performance. Relative underperformance has coincided with what was defined in that report as the “Post-GFC Bull Divergence Phase” (which at that time included all of both 2018 and 2019, and through to 31 July 2020). This period now extends to 30 September 2020 and the Fund's -3% return lagged the MSCI ACWI's 27% return over this period. Within this, we have lagged all the three of the “Up Waves” and outperformed the two “Down Waves”. The third Up Wave started on 23 March 2020, and so far to 30 September 2020, our 5% return lags the index's 20% return.

Focusing on the last 12 months, the Fund's short positions have cost 9% in performance - this is disappointing given their role is to reduce risk. On the long side, despite the divergences, we have delivered positive returns in a soft market. This is more surprising when noting most of the market's return has come from three stocks - Amazon, Apple and Microsoft. Indeed, beyond a small number of contributors, mostly technology-related, the average global stock has fallen over the last year.

On the long side, investments in IT, Communications, Industrials, Materials and Healthcare contributed 10% to returns, led by LG Chem (Korean electric vehicle battery maker), logistics companies ZTO Express (China) and FedEx, chip makers Skyworks, and Samsung, platforms Facebook, Tencent and Alibaba, vaccine maker Moderna and Indian telco operator Bharti Airtel.

Investments in Financials and Energy offset this to the extent of 8%, with the biggest impacts coming from TechnipFMC (energy services), Seven Generations (natural gas producer) and PICC P&C (Chinese insurer) along with industrial giant, GE and miner & trading major, Glencore. Active currency positions made a meaningful positive contribution.

	Average Weight %	Contribution %
1 year to 30 September 2020		
Long Portfolio	90	2
Short Positions	(13)	(9)
Cash / FX	22	2
Total (Fund, net of fees and costs)		(6)
Comparison (MSCI AC World Net Index (A\$))		4

Source: Platinum. Numbers are based on the total return of individual positions (in AUD) and do not take into account fees and costs (other than brokerage). Contribution numbers may not add up due to rounding and the effect of fees. **Past performance is not a reliable indicator of future returns.**

Valuation: Earnings forecasts at this stage have less value than normal due to COVID-19 impacts, but we can look at the valuation of the portfolio against next year's (NTM) earnings to get 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\$)
NTM Earnings Yield	6.5% (Price to Earnings ratio of 15.5x)	5.1% (Price to Earnings ratio of 19.8x)
NTM Dividend Yield	2.5%	2.6%
Price-to-Book Ratio	1.4x	2.4x
Enterprise Value-to-Sales	1.5x	1.7x

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