

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 - 1.8083 Red - 1.8028
Unit prices P Class	App - 0.8604 Red - 0.8578

Performance ¹

	C Class %	P Class %	MSCI %
1 month	1.80	1.83	(0.42)
3 months	3.15	3.22	2.33
6 months	1.88	2.01	5.92
Calendar year to date	(7.78)	(7.59)	(1.00)
1 year	(5.28)	(5.04)	2.90
2 years (compound pa)	2.34	2.59	9.17
3 years (compound pa)	(0.14)	0.11	8.65
5 years (compound pa)	4.61		8.46
7 years (compound pa)	7.75		11.52
10 years (compound pa)	8.39		11.56
Since inception (compound pa)*	11.52	3.41	6.95

Invested positions ³

	Long %	Short %	Net %	Currency %
Asia-Pacific	44.6		44.6	47.6
Australia	3.1		3.1	3.1
China	17.4		17.4	18.5
Hong Kong	2.3		2.3	3.4
Taiwan	1.3		1.3	1.3
India	1.7		1.7	1.7
Japan	12.1		12.1	12.8
Korea	6.7		6.7	6.7
Thailand	0.1		0.1	0.1
Europe	17.0		17.0	26.6
Austria	1.0		1.0	
Belgium	0.1		0.1	
Denmark	0.3		0.3	0.3
Finland	1.4		1.4	
France	3.5		3.5	
Germany	3.6		3.6	
Ireland	1.5		1.5	
Italy	1.0		1.0	
Norway	0.2		0.2	0.2
Spain	2.7		2.7	
United Kingdom	1.6		1.6	1.7
Euro				24.4
North America	28.0	(13.1)	14.9	24.5
Canada	2.7		2.7	2.9
United States	25.4	(13.1)	12.2	21.7
Other	1.3		1.3	1.3
Zambia	1.3		1.3	1.3
Sub-Total	90.8	(13.1)	77.7	100.0
Cash	9.2	13.1	22.3	
Total	100.0		100.0	100.0

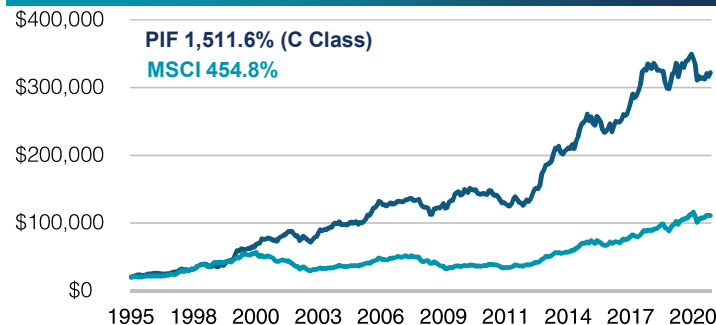
Long - 95 stocks, 2 swaps Short - 9 swaps, 1 index

Fees

Entry fee	Nil
Buy/sell spread	0.15%/0.15%
Fee:	C Class
	P Class
	Investment Management 1.35% p.a.
	Investment Performance N/A
	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	4.2
Ping An Insurance	China	Financials	3.2
General Electric Co	United States	Industrials	2.7
Amadeus IT Holdings	Spain	Info Technology	2.5
Micron Technology Inc	United States	Info Technology	2.5
Glencore PLC	Australia	Materials	2.5
Microchip Technology	United States	Info Technology	2.5
LG Chem Ltd	Korea	Materials	2.4
Booking Holdings Inc	United States	Cons Discretionary	2.3
AIA Group Ltd	Hong Kong	Financials	2.3
Total			27.1

Industry breakdown ³

Sector	Long %	Short %	Net %
Industrials	19.7	(0.1)	19.6
Info Technology	17.1	(0.7)	16.4
Materials	13.5		13.5
Consumer Discretionary	12.3	(0.4)	11.9
Financials	11.7		11.7
Health Care	6.7		6.7
Communication Services	6.3		6.3
Real Estate	1.7		1.7
Energy	1.6		1.6
Utilities	0.2		0.2
Consumer Staples		(0.4)	(0.4)
Other		(11.5)	(11.5)

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>

- Challenging environment for investors with “two stock markets” – a mania in growth stocks and a slump in economically sensitive stocks.
- Dangerous time for retail investors chasing returns. Remember – speculation is not investing.
- Rotating early, consistent with philosophy, has hurt relative returns during the extreme conditions since early 2018.

Market Commentary

It is hard to add much to the volumes of coverage of the US election and indeed, our style of portfolio management is not about betting on such events but rather about constantly evolving as the landscape unfolds and looking further out to determine which companies' prospects are mis-priced.

With that in mind, in our view, we are dealing with “two stock markets” – the mania in much-loved growth stocks, which our philosophy forces us to generally avoid, and a bear market in economically sensitive stocks in what has now been approaching three years. Among these sectors there are plenty of opportunities that we are finding to invest in, such as high-quality travel-related businesses, semiconductors that power the dreams behind the hot stocks, and exposure to China's consumption boom.

Over the last three months, we have increased our protection on the expensive technology-heavy **Nasdaq** index, which is a dynamically managed position and reflects our concern about this mania. This has coincided with a gradual trimming of a number of our winners in this area of the market. On the other side, recent additions as highlighted in the September 2020 quarterly report, include: **InterGlobe Aviation**, the owner of India's largest airline; Taiwanese mobile phone camera lens maker, **Largan Precision**; and refreshed Chinese sportswear brand, **Li Ning**.

We believe the biggest risks investors have to weigh up at this time include a surprise move higher in bond yields (oft cited as supportive for valuations), a slowing in money supply growth (from the highest rate in decades and likely the key driver of the market recovery since March) and any questioning of the highly dangerous “this time it's different” narrative, especially for technology.

Performance Analysis

We have discussed in recent months, the challenges of the “two-speed market” mentioned above and this has manifested itself in the relative performance outcomes from mid-2018 onwards, generally due to the Fund trailing market rallies, having kept pace with the first nine years of the elongated bull market we are in.

Over the 12 months to 31 October 2020, we have broadly kept pace on the long side of the portfolio with contributions predominantly from IT/Communications and Industrials (led by logistics). Investments in Energy and Financials (combined impact of negative 7%, mostly COVID related), along with shorting in the face of a mania, have been more problematic. The top contributors to returns (adding a combined 9%) over the last year have been **LG Chem** (batteries), logistics (**FedEx** and **ZTO Express**), technology (**Tencent**, **Facebook**, **Alphabet**, **Samsung Electronics**, **Skyworks**), **Bharti Airtel** and vaccine-maker **Moderna**.

Performance over the last quarter has been encouraging, with the average stock position up 5% against a market¹ return of 2%, led by the Industrials, Materials and Consumer Discretionary sectors, and with **Lixil**, **FedEx** and **General Electric** the top contributors. If we are to see a greater rotation in markets from the trends of recent years, as the last few months have threatened, we believe we are well positioned.

1 year to 31 October 2020	Average Weight %	Contribution %
Long Positions	90	1.5
Short Positions	(12)	(8)
Cash / FX	22	2
Total (Fund, net of fees and costs)		(5)
Comparison (MSCI AC World Net Index (A\$))		3

Source: Platinum. Numbers for long and short positions 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 may have less value than normal due to COVID-19 impacts, but we can still compare the portfolio to next year's (NTM) earnings to get a sense of its earnings power. There appears to be value in an absolute and relative sense.

Metric	Platinum International Fund	MSCI AC World Net Index (A\$)
NTM Earnings Yield	6.7% (Price-to-Earnings ratio of 15x)	5.5% (Price to Earnings ratio of 18x)
NTM Dividend Yield	2.6%	2.8%
Price-to-Book Ratio	1.5x	2.3x
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.

¹ MSCI AC World Net Index (A\$)