



# **Quarterly Investment Manager's Report**

Platinum World Portfolios - International Fund

**30 September 2020**

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# Performance

## to 30 September 2020

SUB-FUND	PORTFOLIO VALUE (US\$ MIL)	QUARTER	6 MONTHS	1 YEAR	2 YEARS COMPOUND PA	3 YEARS COMPOUND PA	SINCE INCEPTION COMPOUND PA	INCEPTION DATE
<b>Platinum World Portfolios - International Fund</b>								
Class A (USD)	31.9	4.3%	18.8%	-1.2%	-1.4%	-1.4%	5.0%	27 Apr 2016
Class B (USD)	1.5	4.1%	18.4%	-1.8%	-2.0%	-2.2%	4.4%	2 Dec 2016
Class D (USD)	12.5	4.1%	18.4%	-1.8%	-2.0%	-2.2%	3.4%	16 Nov 2015
Class F (EUR)	0.6	-0.2%	11.4%	-8.7%	-2.5%	-1.9%	-0.4%	4 Apr 2017
Class G (GBP)	11.4	0.1%	14.4%	-5.8%	-0.9%	-0.1%	8.0%	27 Apr 2016
MSCI All Country World Net Index (USD) <sup>(1)</sup>		8.1%	28.9%	10.4%	5.8%	7.1%	9.4%	16 Nov 2015
MSCI All Country World Net Index (USD) (EUR) <sup>(2,3)</sup>		3.6%	20.6%	2.7%	5.3%	7.4%	6.0%	4 Apr 2017
MSCI All Country World Net Index (USD) (GBP) <sup>(2,4)</sup>		3.3%	23.6%	5.3%	6.3%	8.5%	12.8%	27 Apr 2016

(1) For the purpose of calculating the "since inception" returns of the Index in USD, the inception date of Class D of the Fund is used, since Class D was the first USD-denominated share class activated.

(2) The MSCI Index returns in USD have been converted into the specified currency (EUR or GBP, as the case may be) using the prevailing spot rate.

(3) For the purpose of calculating the "since inception" returns of the Index in EUR, the inception date of Class F of the Fund is used, since Class F was the first EUR-denominated share class activated.

(4) For the purpose of calculating the "since inception" returns of the Index in GBP, the inception date of Class G of the Fund is used, since Class G was the first GBP-denominated share class activated.

Fund returns are net of accrued fees and expenses, are pre-tax, and assume the accumulation of net income and capital gains. Where a particular share class is not denominated in USD, the net asset value per share in USD, being the Fund's base currency, is converted into the denomination currency of that share class using the prevailing spot rate.

**Historical performance is not a reliable indicator of future performance. See note 1, page 11.**

Source: Platinum Investment Management Limited for Fund returns; FactSet Research Systems for MSCI Index returns.

# Macro Overview

by Andrew Clifford, CIO, Platinum Investment Management Limited

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.**

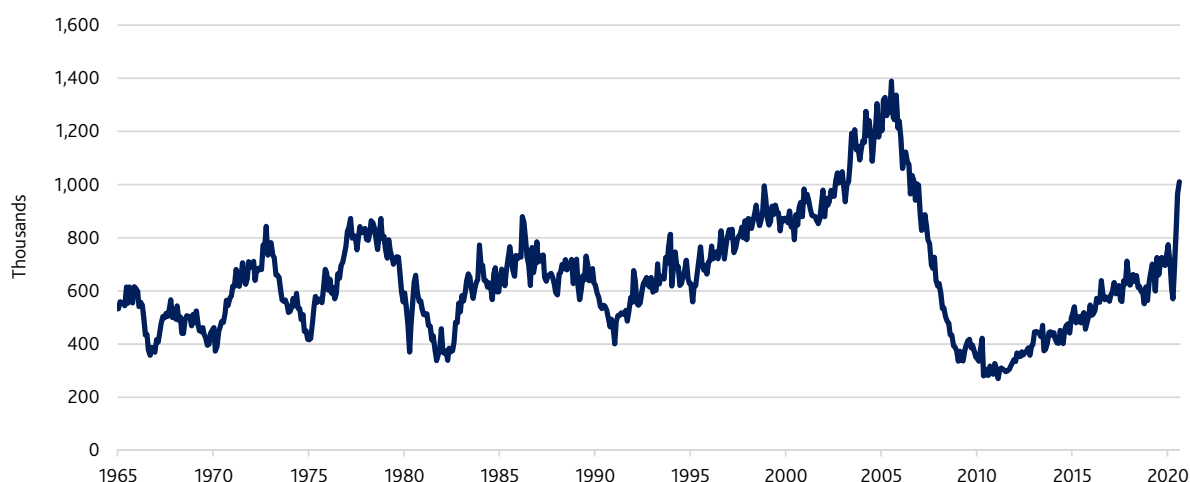
## Not all changes in spending patterns will be sustained.

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 lump sum government stimulus payments and/or additional unemployment benefits, 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 cyclical.

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<sup>1</sup> 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 loss-making 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.

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<sup>1</sup> 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.platinumworldportfolios.ie/Insights/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,<sup>2</sup> 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.<sup>3</sup>

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.

<sup>2</sup> [https://www.platinumworldportfolios.ie/PlatinumSite/media/Fund-Updates-and-Reports/pwpqtr\\_0620.pdf](https://www.platinumworldportfolios.ie/PlatinumSite/media/Fund-Updates-and-Reports/pwpqtr_0620.pdf)

<sup>3</sup> Source: FactSet Research Systems, company reports, Platinum Investment Management Limited.

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.

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
<b>All Country World</b>	<b>8.1%</b>	<b>10.4%</b>
<b>Developed Markets</b>	<b>7.9%</b>	<b>10.4%</b>
<b>Emerging Markets</b>	<b>9.6%</b>	<b>10.5%</b>
<b>United States</b>	<b>9.5%</b>	<b>16.4%</b>
<b>Europe</b>	<b>4.2%</b>	<b>-1.5%</b>
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%
<b>Japan</b>	<b>6.9%</b>	<b>6.9%</b>
<b>Asia ex-Japan</b>	<b>10.7%</b>	<b>17.8%</b>
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.



# Platinum World Portfolios - International Fund



**Andrew Clifford**  
Portfolio Manager

**Clay Smolinski**  
Portfolio Manager

## Performance

(compound p.a.<sup>+</sup>, to 30 September 2020)

SHARE CLASS	QUARTER	1 YR	2 YRS P.A.	3 YRS P.A.	SINCE INCEPTION P.A.
PWP Int'l Fund Class A USD	4%	-1%	-1%	-1%	5%
PWP Int'l Fund Class B USD	4%	-2%	-2%	-2%	4%
PWP Int'l Fund Class D USD	4%	-2%	-2%	-2%	3%
PWP Int'l Fund Class F EUR	0%	-9%	-2%	-2%	0%
PWP Int'l Fund Class G GBP	0%	-6%	-1%	0%	8%
MSCI AC World Index (USD) <sup>^</sup>	8%	10%	6%	7%	9%

<sup>+</sup> Excluding quarterly returns

Fund returns are net of accrued fees and costs. Class D inception date (16 Nov 2015) is used for Index "since inception" returns.

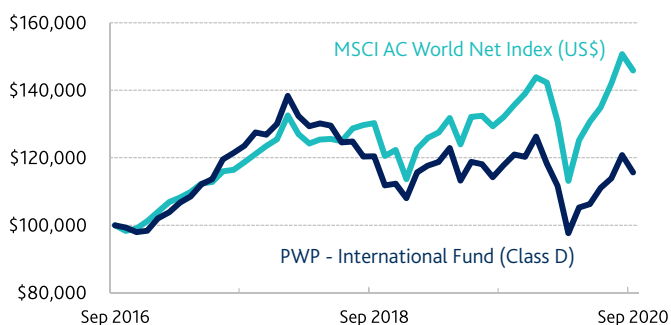
<sup>^</sup> Index returns are those of the MSCI All Country World Net Index in USD.

Source: Platinum Investment Management Limited, FactSet Research Systems. **Historical performance is not a reliable indicator of future performance.**

See notes 1 & 2, page 11.

## Value of US\$100,000 Invested Since Inception

16 November 2015 to 30 September 2020



After fees and costs. See notes 1 & 3, page 11.

**Historical performance is not a reliable indicator of future performance.**

Source: Platinum Investment Management Limited, FactSet Research Systems.

Global equity markets continued their rally over the quarter, rising an additional 8%.<sup>1</sup> At their highest point during the quarter, 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 12%, surpassing their peak mid-February levels by over 11%.<sup>2</sup> 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 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

1 MSCI All Country World Net Index. References to returns and performance contributions (excluding individual stock returns) in this PWP - International Fund report are in USD 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, US dollars.



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 one might expect 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 rose 4% and while they have bounced 37% off their March lows, they remain 13% below their February peaks.<sup>3</sup>

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.

## Changes to the Portfolio

The Fund's net invested position was reduced over the quarter from 81% to 74%, with the short positions 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.

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

## Disposition of Assets

REGION	30 SEP 2020	30 JUN 2020	30 SEP 2019
Asia	30%	28%	34%
North America	27%	28%	24%
Europe	17%	17%	14%
Japan	13%	13%	12%
Australia	3%	3%	3%
Africa	1%	1%	1%
South America	0%	0%	1%
Cash	10%	10%	11%
Shorts	-16%	-9%	-16%

See note 4, page 11. 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	16%	17%	10%
Materials	13%	11%	11%
Consumer Discretionary	12%	10%	6%
Financials	11%	12%	15%
Health Care	8%	10%	4%
Communication Services	6%	8%	12%
Real Estate	2%	2%	2%
Energy	1%	2%	6%
Consumer Staples	-1%	-3%	0%
Other	-13%	-3%	-4%
TOTAL NET EXPOSURE	74%	81%	73%

See note 5, page 11. Numerical figures have been subject to rounding.  
Source: Platinum Investment Management Limited.

<sup>3</sup> Source: MSCI AC World Value Index, US dollars.

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.<sup>4</sup> The company is poised

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

## Net Currency Exposures

CURRENCY	30 SEP 2020	30 JUN 2020	30 SEP 2019
Euro (EUR)	20%	23%	10%
US dollar (USD)	18%	7%	36%
Chinese yuan (CNY)	17%	18%	21%
Japanese yen (JPY)	13%	21%	17%
Australian dollar (AUD)	10%	14%	4%
Korean won (KRW)	7%	7%	6%
Hong Kong dollar (HKD)	4%	3%	3%
Canadian dollar (CAD)	3%	2%	3%
British pound (GBP)	2%	2%	10%
Indian rupee (INR)	2%	1%	5%
Taiwan dollar (TWD)	1%	0%	0%
Zambian kwacha (ZMK)	1%	1%	1%
Thai baht (THB)	0%	1%	1%
New Zealand dollar (NZD)	0%	0%	-1%
Brazilian real (BRL)	0%	0%	1%
Chinese yuan offshore (CNH)	0%	0%	-20%
Norwegian krone (NOK)	0%	0%	2%
Swiss franc (CHF)	0%	1%	2%

See note 6, page 11. Numerical figures have been subject to rounding.  
Source: Platinum Investment Management Limited.

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.

## Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Samsung Electronics Co	Korea	Info Technology	4.3%
Ping An Insurance	China	Financials	3.0%
Amadeus IT Holdings	Spain	Info Technology	2.9%
Glencore PLC	Australia	Materials	2.5%
Booking Holdings Inc	US	Cons Discretionary	2.4%
Takeda Pharma Co	Japan	Health Care	2.4%
LG Chem Ltd	Korea	Materials	2.4%
Microchip Technology	US	Info Technology	2.4%
AIA Group Ltd	Hong Kong	Financials	2.3%
Minebea Co Ltd	Japan	Industrials	2.3%

As at 30 September 2020. See note 7, page 11.

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 [www.platinumworldportfolios.ie/The-Funds/PWP-International-Fund](http://www.platinumworldportfolios.ie/The-Funds/PWP-International-Fund).

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- Fund returns are calculated by Platinum using the Fund's net asset value per share (i.e. excluding the anti-dilution levy) attributable to the specified share class. Where a share class is not denominated in USD, the net asset value per share in USD, being the Fund's base currency, is converted into the denomination currency of that share class using the prevailing spot rate. Fund returns are net of fees and expenses, pre-tax, and assume the accumulation of the net income and capital gains, each as attributable to the specified share class. The MSCI index returns are in USD, are inclusive of net official dividends, but do not reflect fees or expenses. 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.
- The portfolio inception dates for each active share class of the Fund are as follows:
  - Platinum World Portfolios - International Fund:
 

Class A USD (Accumulating) (ISIN: IE00BYRGQX37): 27 April 2016	Class B USD (Accumulating) (ISIN: IE00BYRGR076): 2 December 2016
Class D USD (Accumulating) (ISIN: IE00BYRGQZ50): 16 November 2015	Class F EUR (Accumulating) (ISIN: IE00BYRGR183): 4 April 2017
Class G GBP (Accumulating) (ISIN: IE00BYRGR290): 27 April 2016	

For the purpose of calculating the "since inception" returns of the MSCI index, the inception date of Class D of the Fund, being 16 November 2015, is used (as Class D was the first share class activated).
- The investment returns depicted in this graph are cumulative on US\$100,000 invested in Class D of the specified Fund over the specified period relative to the specified net MSCI Index in US Dollars.
- 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.
- 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 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 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.

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PLATINUM WORLD PORTFOLIOS PUBLIC LIMITED COMPANY

An umbrella fund with segregated liability between sub-funds  
Company Registration Number: 546481

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