

Platinum Quoted Managed Funds®

Second Supplementary Product Disclosure Statement

Issue Date: 23 October 2018

Issued by Platinum Investment Management Limited
ABN 25 063 565 006 AFSL 221935

**Platinum International Fund
(Quoted Managed Hedge Fund)®**

ARSN 620 895 301 ASX code: PIXX

**Platinum Asia Fund
(Quoted Managed Hedge Fund)®**

ARSN 620 895 427 ASX code: PAXX

This Second Supplementary Product Disclosure Statement ("**SSPDS**") relates to the Platinum Quoted Managed Funds Product Disclosure Statement dated 14 September 2017 ("**PDS**") and the Supplementary Product Disclosure Statement dated 23 February 2018 ("**SPDS**"). This SSPDS must be read together with the PDS and the SPDS. A copy of this SSPDS has been lodged with ASIC. However, ASIC takes no responsibility for the content of this SSPDS.

The purpose of this SSPDS is to:

- update the portfolio values, top ten holdings, number of long and short stocks and invested positions of each Underlying Fund on pages 8 and 9 of the PDS by incorporating the updated information by reference;
- replace the performance history of each Underlying Fund on pages 8 and 9 of the PDS with the performance history of each Fund by incorporating the replacement information by reference;
- update the Fees and Other Costs section on pages 26 to 32 of the PDS to reflect:
 - the revised estimated performance fees and total management costs for each Fund;
 - the revised estimated total transactional and operational costs of each Fund;
 - incorporate the buy/sell spreads of each Fund by reference;
- update the 'Complaints' section under the Additional Information section of the PDS on page 38 of the PDS for the new dispute resolution authority effective 1 November 2018.

Accordingly, for the most current month-end portfolio values, top ten holdings, number of long and short stocks and invested positions of each Underlying Fund currently shown on pages 8 and 9 of the PDS and the current performance history of each Fund, please visit Platinum's website at:

<https://www.platinum.com.au/Our-Products/All-Products/PIXX-Quoted-Managed>

<https://www.platinum.com.au/Our-Products/All-Products/PAXX-Quoted-Managed>

Furthermore, the following pages replace the entire Fees and Other Costs section on pages 26 to 32 of the PDS and the Complaints section of Additional Information section on page 38 of the PDS.

Fees and Other Costs

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from A\$100,000 to A\$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable.

Ask us or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of fees based on your own circumstances, the **Australian Securities and Investments Commission** (ASIC) website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out the different fee options.

This document shows fees and other costs you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the Funds as a whole.

Taxes are set out on page 34-36 of this PDS.

You should read all of the information about fees and costs because it is important to understand their impact on your investment.

Type of fee or cost	Amount	How and when paid
Fees when an Investor moves their money in or out of a Fund		
Establishment fee The fee to open an investment	Nil	Not applicable.
Contribution fee The fee on each amount contributed to an investment	Nil	Not applicable.
Withdrawal fee The fee on each amount an Investor takes out of their investment	Nil	Not applicable.
Termination fee The fee to close an investment	Nil	Not applicable.

Fees and Other Costs – continued

Type of fee or cost	Amount	How and when paid
Management costs¹ The fees and costs of managing your investments		
Platinum International Fund (Quoted Managed Hedge Fund) (PIXX)		The management costs of each Fund consist of the following components:
Investment management fee ²	1.10%	Investment management fee²:
Estimated investment performance fee ³	0.60%	The fee for managing your investment. No investment management fees are charged directly to PIXX or PAXX. However, investment management fees are charged indirectly to PIXX and PAXX through their respective investments in the Underlying Funds, and therefore reflected in the respective NAV per Unit of each of PIXX and PAXX.
	1.70%	
Platinum Asia Fund (Quoted Managed Hedge Fund) (PAXX)		The investment management fees for the Underlying Funds are calculated as a percentage of each respective Underlying Fund's NAV and reflected in the respective daily unit price of each Underlying Fund. They are paid monthly to Platinum from the assets of the Underlying Funds.
Investment management fee ²	1.10%	Investment performance fee³: No investment performance fees are charged directly to PIXX or PAXX. However, any investment performance fee that is charged to the Underlying Funds will be indirectly charged to PIXX and PAXX through their respective investments in the Underlying Funds, and therefore reflected in the respective NAV per Unit of each of PIXX and PAXX. An investment performance fee is payable by an Underlying Fund where an Underlying Fund's return exceeds its hurdle return ⁴ . This fee is calculated as 15% of the amount by which the Underlying Fund's return (after investment management fees) exceeds its hurdle return. The fee is accrued daily and reflected in the Underlying Fund's daily unit price. If payable, this will be paid to Platinum from the assets of the Underlying Fund semi-annually. Each stated investment performance fee has been calculated based on the average historical investment performance of the relevant Underlying Fund for the last 10 years up to and including 30 June 2018. It is an estimate only. The actual investment performance fee may change considerably from the estimate provided.
Estimated investment performance fee ³	0.37%	
	1.47%	

1. As the Underlying Funds invest predominantly in international securities, the impact of GST on the management costs for each Fund is currently negligible. To the extent that the GST impact on a Fund changes, for example exposure to Australian securities in the respective Underlying Funds increases, the actual management costs for a Fund may differ.
2. The investment management fee is inclusive of Australian GST less any expected reduced input tax credits. See "Investment management fee" in the "Additional explanation of fees and costs" section on page 28.
3. The estimated investment performance fees above represent Platinum's reasonable estimate of the prospective investment performance fee payable by the relevant Underlying Fund and thus indirectly by the relevant Fund. They have been calculated by applying the relevant Underlying Fund's P Class – Performance Fee Option fee structure retrospectively to the relevant Underlying Fund's average historical investment performance for the last 10 years up to and including 30 June 2018, and assume that the investment performance fees were payable annually (except for the year ended 30 June 2018 where performance fees were paid semi-annually) and there were no redemptions during the period. These estimates are inclusive of GST less any applicable input tax credits. Past performance is not a reliable indicator of future performance. The actual investment performance fee may change considerably from the estimate provided. See "Investment performance fee" in the "Additional explanation of fees and costs" section on pages 28 to 29.
4. The hurdle return for an Underlying Fund is the return of its nominated benchmark as set forth on page 29.

Fees and Other Costs – continued

Examples of annual fees and costs

This table gives an example of how the fees and costs for the Funds can affect your investment over a 1 year period. You should use this table to compare this product with other managed investment products.

The examples assume the \$5,000 contribution occurs on the last day of the year so that management costs are calculated using the \$50,000 balance only.

Platinum International Fund (Quoted Managed Hedge Fund) (PIXX)	Balance of \$50,000 with a contribution of \$5,000 during the year	
Contribution fees	Nil	Nil
PLUS Management costs	1.41% pa	For every \$50,000 you have in PIXX you will be charged \$705 each year.
EQUALS Cost of PIXX	If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of \$705.	
Platinum Asia Fund (Quoted Managed Hedge Fund) (PAXX)	Balance of \$50,000 with a contribution of \$5,000 during the year	
Contribution fees	Nil	Nil
PLUS Management costs	1.49% pa	For every \$50,000 you have in PAXX you will be charged \$745 each year.
EQUALS Cost of PAXX	If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of \$745.	

The figures used for the management costs (consisting of both an investment management fee and investment performance fee component) in the examples above are based on the investment performance fee payable by each Underlying Fund's P Class – Performance Fee Option for the financial year ended 30 June 2018. These figures are inclusive of GST less any applicable input tax credits. Past performance is not a reliable indicator of future performance.

Additional explanation of fees and costs

The fees and costs section of this PDS has been prepared in accordance with ASIC Class Order [CO 14/1252].

Management costs

The management costs of each Fund include an investment management fee and an investment performance fee.

Currently, Platinum does not separately recover expenses from the Funds or the Underlying Funds. Expenses and outgoings which are incurred in connection with the operation of a Fund or an Underlying Fund e.g. audits costs, the costs of legal and taxation advice, costs of annual financial statements, Investor reporting and distribution, marketing and other allowable expenses, are currently paid by Platinum.

As the Underlying Funds invest predominantly in international securities, the impact of GST on the management costs is currently negligible. To the extent that the GST impact on an Underlying Fund changes, for example exposure to Australian securities increases, the actual management costs for a Fund may differ from those stated.

Investment management fee

No investment management fees are charged directly to the Funds. However, investment management fees are charged indirectly to the Funds through their respective investments in the Underlying Funds, and therefore reflected in the respective NAV per Unit of each of the Funds.

The investment management fees for the Underlying Funds are calculated as a percentage of each respective Underlying Fund's NAV and reflected in the respective daily unit price of each Underlying Fund. They are paid monthly to Platinum from the assets of the relevant Underlying Fund.

The investment management fees are inclusive of Australian GST less any expected reduced input tax credits.

Investment performance fee

No investment performance fees are charged directly to the Funds. However, any investment performance fee that is charged to the Underlying Funds will be indirectly charged to the Funds through their respective investments in the Underlying Funds, and therefore reflected in the respective NAV per Unit of each of the Funds.

In addition to the investment management fee, the Constitution of each Underlying Fund allows Platinum to receive an investment performance fee out of the assets of the relevant Underlying Fund.

Fees and Other Costs – continued

How is the investment performance fee for an Underlying Fund calculated?

The investment performance fee for an Underlying Fund is 15% (inclusive of GST less any expected reduced input tax credits) of the amount by which the Underlying Fund's return per unit (after the deduction of investment management fees and excluding any accrued investment performance fees) exceeds the unitised return of the Underlying Fund's nominated benchmark (as set forth below) ("**Excess Return**"), for the relevant period. The investment performance fee for the relevant period is calculated daily and reflected in the Underlying Fund's daily unit price. However, any underperformance of the Underlying Fund's return per unit relative to its nominated benchmark (including underperformance from any prior Calculation Period) must be recovered before an investment performance fee can be recognised in the Underlying Fund's unit price*. The investment performance fee (if any) is payable to Platinum semi-annually as at 30 June and 31 December ("**Calculation Period**"). At the end of a Calculation Period, the Underlying Fund's return per unit and the unitised return of the Underlying Fund's nominated benchmark are reset to zero for the start of the next Calculation Period.

* The exception being any Crystallised Performance Fee that has already been accrued as a result of any withdrawals during a Calculation Period.

What happens when units in an Underlying Fund are issued to a Fund during a Calculation Period?

If units in an Underlying Fund are issued to the Fund using an entry price applicable to a Business Day, this entry price will include any investment performance fee that has already been accrued during that Calculation Period but prior to the issue of those units. In order to neutralise the effect of the accrued investment performance fee on those units, Platinum will adjust the value of the Underlying Fund upwards on the next Business Day by the amount of such accrued investment performance ("**Applications True-up**"). This means that that Fund will effectively pay an investment performance fee only in respect of those units for any outperformance that is generated after those units have been issued.

What happens when units in an Underlying Fund are redeemed by a Fund during a Calculation Period?

If a Fund redeems units from an Underlying Fund using an exit price applicable to a Business Day and there is an investment performance fee accrual reflected in the exit price for those units, that investment performance fee will crystallise and will become payable to Platinum at the end of the Calculation Period ("**Crystallised Performance Fee**").

Estimated investment performance fees disclosed in the fees and costs table on page 27

Please note that the estimated investment performance fees for the Funds as set forth in the fees and costs table on page 27 represent Platinum's reasonable estimates of the prospective investment performance fees payable by the Funds. They have been calculated by applying the relevant Underlying Fund's P Class – Performance Fee Option fee structure retrospectively to each Underlying Fund's average historical investment performance for the last 10 years up to and including 30 June 2018, and assume that the investment performance fees were payable annually (except for the year ended 30 June 2018 where performance fees were paid semi-annually) and there were no redemptions during the period. These estimates are inclusive of GST less any applicable input tax credits. That said, the actual investment performance fee payable for a Fund (if any) will depend on the performance of the Fund (and the Underlying Fund) over the relevant period and therefore can vary greatly from year to year. By way of example, applying each Underlying Fund's P Class – Performance Fee Option fee structure retrospectively to the average historical investment performance for each Underlying Fund since inception to 30 June 2018, making the same assumptions as aforementioned: the highest and lowest investment performance fee payable by an Underlying Fund for any one year would have been 5.20% and 0%, respectively.

Nominated benchmarks

The nominated benchmarks for the Underlying Funds are set forth below:

Fund	Nominated benchmark
Platinum International Fund	MSCI All Country World Net Index in \$A
Platinum Asia Fund	MSCI All Country Asia ex Japan Net Index in \$A

Fees and Other Costs – continued

Worked example

The following table provides a simplified worked example of the investment performance fee calculation for an Underlying Fund for two consecutive Business Days during a Calculation Period. It assumes hypothetical values; the Calculation Period starts from 1 January 2018; the Underlying Fund's unit price and the nominated benchmark unit price are reset to \$1.00 at the start of the Calculation Period; no underperformance is carried forward from prior Calculation Periods; and there are no applications, withdrawals or distributions on either of these Business Days.

Calculation	1st and 2nd January 2018
1st January 2018	
Underlying Fund unit price at 1 January 2018	\$1.08
Nominated benchmark unit price at 1 January 2018	\$1.02
Excess Return	\$0.06
Underlying Fund Units on issue at 1 January 2018	10,000
Investment performance fee accrual reflected in Underlying Fund's unit price on 1 January 2018 (\$0.06 Excess Return x 15% investment performance fee x 10,000 units on issue)	\$90.00
Previous investment performance fee accrual as at 1 January 2018	\$0.00
Adjustment	\$90.00
2nd January 2018	
Underlying Fund unit price at 2 January 2018	\$1.05
Nominated benchmark unit price at 2 January 2018	\$1.01
Excess Return	\$0.04
Underlying Fund Units on issue at 2 January 2018	10,000
Investment performance fee accrual reflected in Underlying Fund's unit price on 2 January 2018 (\$0.04 Excess Return x 15% investment performance fee x 10,000 units on issue)	\$60.00
Previous investment performance fee accrual from 1 January 2018	\$90.00
Adjustment	-\$30.00

Total transactional and operational costs*

In accordance with the Corporations Regulations, we have provided an estimate of net transactional and operational costs in respect of the 2017/2018 financial year for each Fund.

Fund	Total transactional and operational costs* (% pa of NAV)	Recovery through buy/sell spread (% pa of NAV)	Net transactional and operational costs (% pa of NAV)	For every \$50,000 you have in a Fund you will likely incur approximately:
PIXX				
Direct	0.39%	(0.39%)	0.00%	
Underlying Fund	0.14%	(0.07%)	0.07%	
Total	0.53%	(0.46%)	0.07%	\$35
PAXX				
Direct	0.36%	(0.36%)	0.00%	
Underlying Fund	0.38%	(0.07%)	0.31%	
Total	0.74%	(0.43%)	0.31%	\$155

* Excludes investment management fees and investment performance fees.

This information on the previous page reflects Platinum's reasonable estimate of the transactional and operational costs for the Funds and are based on the transactional and operational costs for each Fund (including each Underlying Fund) for the financial year ending 30 June 2018. In practice, your investment balance, the relevant Fund's and/or Underlying Fund's volume of trading and the number and value of applications and withdrawals processed will vary from year to year.

Transactional and operational costs such as brokerage (including research), transactional taxes, settlement costs and transactional and operational costs associated with the use of Derivatives are incurred when a Fund (and/or the Underlying Fund) acquires or disposes of assets. The amount of these costs for a Fund will vary from year to year depending on the volume and value of trades undertaken for the Fund and the relevant Underlying Fund.

Transactional and operational costs for a Fund are paid out of the assets of the Fund and relevant Underlying Fund, as applicable, and are not fees paid to Platinum.

Underlying Funds' buy/sell spreads

A portion of the total transactional and operational costs of the Underlying Funds are recovered from investors entering or exiting an Underlying Fund. Buy spreads are charged to enter an Underlying Fund and sell spreads are charged to exit an Underlying Fund. They are charged because entering or exiting an Underlying Fund necessitates the buying or selling of an Underlying Fund's investments, which means an Underlying Fund will incur transactional and operational costs. The buy/sell spreads are based on our estimate of the transactional and operational costs incurred by an Underlying Fund to invest application money received or sell assets to fund withdrawal payments.*

The current buy/sell spreads of each Underlying Fund are available at Platinum's website at:

<https://www.platinum.com.au/Our-Products/All-Products/Platinum-International-Fund>

<https://www.platinum.com.au/Our-Products/All-Products/Platinum-Asia-Fund>

From time to time, we may vary the buy/sell spread of an Underlying Fund and we will not ordinarily provide prior notice. Any changes to an Underlying Fund's buy/sell spread will be updated on Platinum's website at the links provided above.

The buy/sell spread aims to ensure that non-transacting investors do not pay the transactional and operational costs associated with an investor entering or exiting an Underlying Fund. The buy/sell spreads are not fees paid to Platinum – they are retained in an Underlying Fund to cover transactional and operational costs as they are incurred. The buy spreads are built into an Underlying Fund's entry unit price and the sell spreads are built into its exit unit price. The buy/sell spread will impact the return on your investment and is an additional cost to transacting investors.

* Our discretion in determining the buy/sell spread is carried out in accordance with documented policies – copies of which are available from us at no charge.

Sell costs for off-market withdrawals for PIXX and PAXX

In the limited circumstances in which off-market withdrawals are available to Investors, the Unit price of a Fund at which an Investor can withdraw their investment will include the sell spread of the relevant Underlying Fund.

Market making agent cost

Platinum has appointed a market participant as its agent to execute its market making activities in order to provide liquidity in the Units on the ASX AQUA market and also to facilitate settlement. The agent earns a fee as a result of these activities. This fee is applicable to the value of the net Units purchased and sold by the agent on behalf of the Fund and has a fixed and variable component. Since inception of the Funds, Platinum has paid the fixed market making agent fee in respect of each Fund and such fees have not been recovered from the Funds. Platinum will continue to pay the fixed market making agent fee in respect of each Fund up until 30 June 2019. As at the date of this PDS, no variable market making agent fee has been paid to the market participant.

Government charges

Government taxes such as stamp duty will be applied to your account or proceeds as appropriate.

Stockbroker fees for Investors

Investors will incur customary brokerage fees and commissions when buying and selling the Units on the ASX. Investors should consult their share trading platform or stockbroker for more information in relation to their fees and charges.

Financial adviser fees

We do not pay service fees or commissions to financial advisers. You may agree to pay your financial adviser a fee for any financial advice that they provide to you.

Additional payments made by Platinum

We may make product access payments (flat dollar amounts) to the operators of master trusts and wrap accounts who distribute our Funds or Underlying Funds on their investment menu.

We may also provide certain payments or other non-monetary benefits to dealer groups and other financial services licensees to the extent it is permitted under law. All payments and non-monetary benefits referred to herein are funded by Platinum out of our own resources, and are not an additional cost to you.

Soft dollar arrangements

We may, in accordance with applicable laws, receive goods and services (such as third party research) paid for by brokers where such goods and services assist us in managing the Funds and the Underlying Funds. These payments and benefits are not an additional cost to you.

Fees permitted under the Constitutions

The Constitutions of each Fund and of each Underlying Fund allow for higher fees to be charged than those detailed on pages 26 to 32, and specify the circumstances in which additional fees may be charged, such as:

- a maximum contribution fee of 10% of an investor's application amount. Currently, we do not charge a contribution fee;
- an application facility fee to be deducted from an investor's application money. Currently, we do not charge an application facility fee;
- a withdrawal facility fee to be charged to investors who use a withdrawal facility. Currently, we do not charge a withdrawal facility fee;
- a maximum trustee fee of 0.10% per annum of a Fund's / Underlying Fund's NAV. Currently, we do not charge a trustee fee;
- a maximum trustee termination fee of 2.00% of a Fund's / Underlying Fund's NAV on the termination of a Fund / Underlying Fund or the removal of Platinum as Responsible Entity of a Fund / Underlying Fund;
- a maximum investment management fee (excluding ongoing recoverable operating expenses) of up to 2.00% per annum of a Fund's / Underlying Fund's NAV.

The Constitutions of each Fund and of each Underlying Fund also provide that the maximum aggregate of fees charged by Platinum, may not exceed 7.00% per annum, of a Fund's or Underlying Fund's NAV, respectively.

Changes to fees

We have the right to increase the fees or to charge fees not currently levied, or charge fees more regularly, up to the maximum limits set forth in a Fund's Constitution. If we choose to exercise this right, we will provide you with 30 days prior notice.

Differential fees

In accordance with the ASIC Corporations (Registered Schemes – Differential Fees) Instrument 2017/40, Platinum may, in its discretion and in accordance with applicable law, negotiate and agree a lower investment management fee or a rebate or a waiver of part of its investment management fee for:

- a wholesale client within the meaning of section 761G of the Corporations Act; or
- an employee of Platinum or a related body corporate, provided that the number of votes that may be cast on a resolution of the relevant Fund's Investors by Investors who are employees, is not more than 5% of the total votes that may be cast by the Fund's Investors.

Additional Information

Complaints

Platinum has standard arrangements in place for the handling of complaints. If you have a complaint about your investment in a Fund, please contact Investor Services. We will acknowledge a complaint within four Business Days and will make every effort to resolve your issue within 30 days.

If your complaint remains unresolved after 45 days, you may lodge a complaint:

- with the Financial Ombudsman Service Australia, if lodged **before 1 November 2018:**

Online: www.fos.org.au

Email: info@fos.org.au

Phone: 1800 367 287

Mail: Financial Ombudsman Service Limited
GPO Box 3
Melbourne VIC 3001

- with the Australian Financial Complaints Authority, if lodged **on or after 1 November 2018:**

Online: www.afca.org.au

Email: info@afca.org.au

Phone: 1800 931 678

Mail: Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001

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