



Platinum Asset Management Limited

24 February 2020

Andrew Clifford, Co-Founder

Analyst Briefing



Business Highlights

6 months to December 2019

- ◆ Dec-19 closing FuM of \$25.1B, up 1.4% on Jun-19 despite net outflows of \$1.3B.
- ◆ Management fee revenue down 2.7% on Dec-18 broadly in line with lower average FuM.
- ◆ Total revenue up 15.5% due to mark to market gains on seed investments.
- ◆ Expenses up 3.6% excluding one off costs.
- ◆ Profit after tax attributable to owners up 5.6%.
- ◆ Earnings per share up 5.9%.
- ◆ Interim fully franked dividend of 13 cps (~ 5.8% annualised yield*).



Investment Performance

As at 31 December 2019

Performance of Platinum Trust Funds (December-19)		1 year	5 year	10 year	Since Inception	FuM (A\$b)
International Fund (PM's: AC, CS)	- Absolute Return	17.2%	9.0%	8.9%	12.3%	10.0
	- Relative Return	-9.6%	-2.8%	-2.6%	+5.1%	
Asia Fund (PM: JL)	- Absolute Return	17.6%	7.9%	9.0%	14.2%	4.4
	- Relative Return	-0.7%	-1.9%	+0.3%	+3.9%	
International Brands Fund (PM: JH)	- Absolute Return	20.9%	11.2%	11.5%	12.4%	0.7
	- Relative Return	-5.9%	-0.6%	+0.0%	+8.6%	
Japan Fund (PM: SG)	- Absolute Return	18.9%	12.7%	13.8%	14.3%	0.8
	- Relative Return	-0.9%	+1.7%	+4.6%	+11.0%	
European Fund (PM: ND)	- Absolute Return	18.9%	11.4%	11.8%	11.7%	0.8
	- Relative Return	-5.4%	+3.0%	+4.2%	+8.2%	
Health Care Fund (PM: BO)	- Absolute Return	23.8%	13.4%	15.8%	10.2%	0.3
	- Relative Return	+0.9%	+1.8%	+0.9%	+0.3%	
Unhedged Fund (long only) (PM: CS)	- Absolute Return	21.5%	11.4%	11.5%	11.3%	0.3
	- Relative Return	-5.3%	-0.4%	0.0%	3.5%	
Technology Fund (PM: AB, CR)	- Absolute Return	24.7%	11.1%	10.1%	9.6%	0.1
	- Relative Return	-22.4%	-10.3%	-7.8%	+7.2%	
					Subtotal (A\$b)	17.4
					% of Total FuM	69%

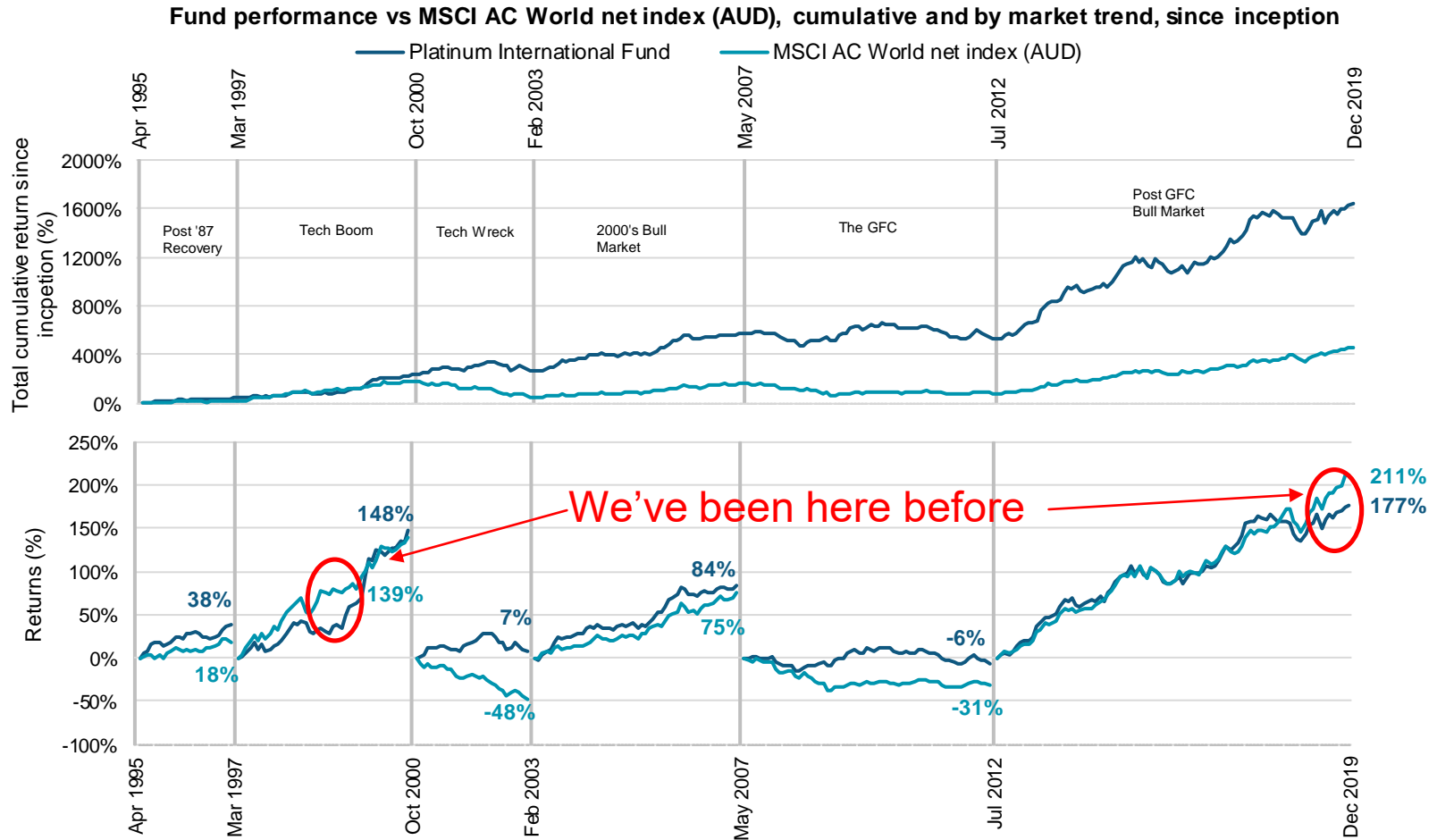
Portfolio Managers:

AC = Andrew Clifford, CS=Clay Smolinski, JL= Joe Lai, JH=Jamie Halse, SG=Scott Gilchrist, ND= Nik Dvornak, BO = Bianca Ogden, AB = Alessandro Barbi, CR = Cameron Robertson

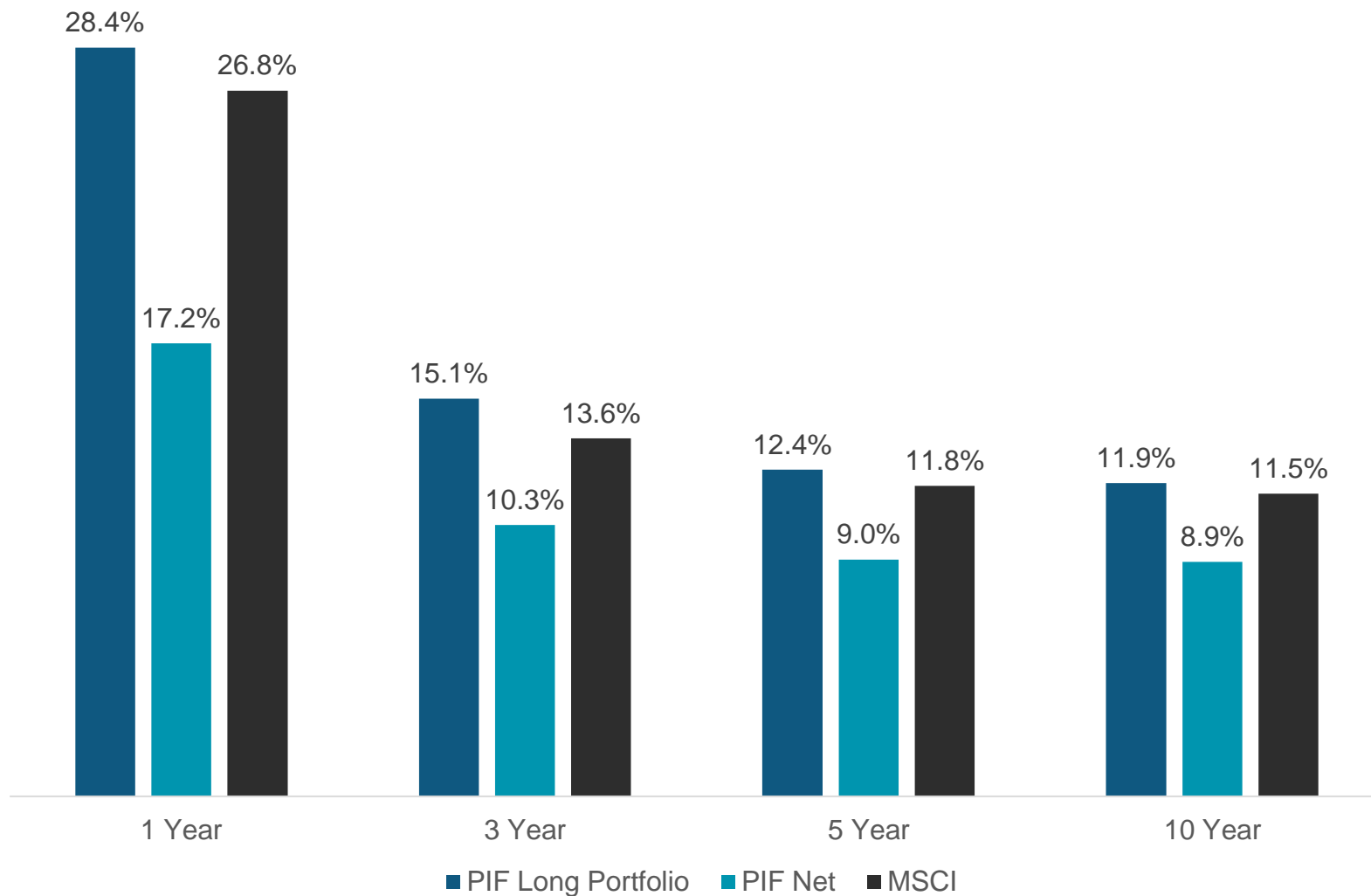


Platinum International Fund

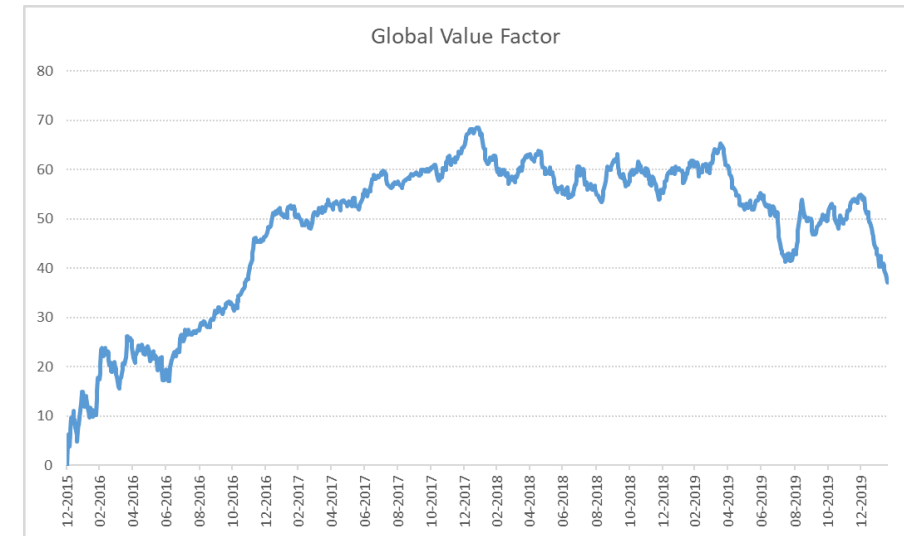
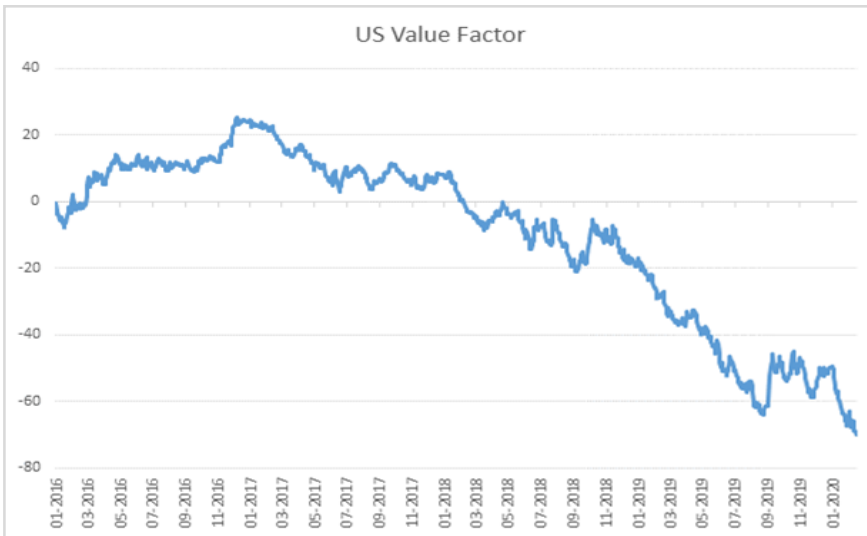
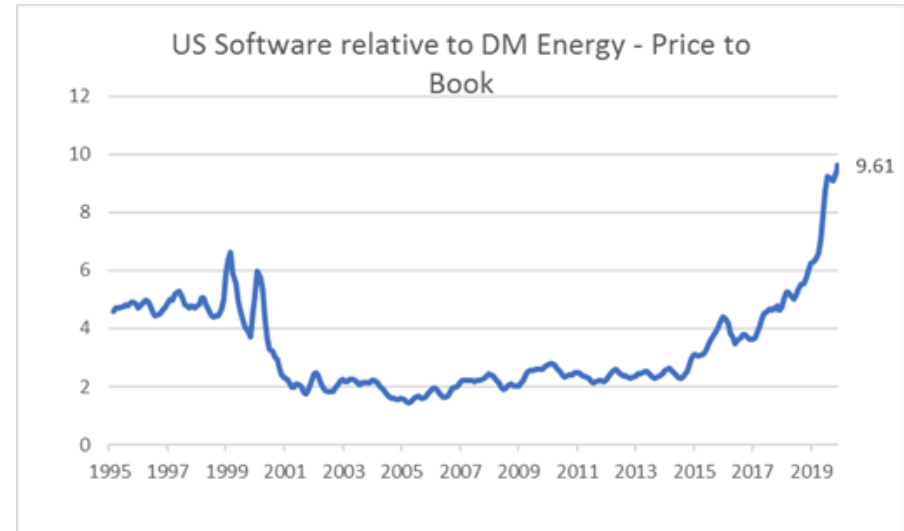
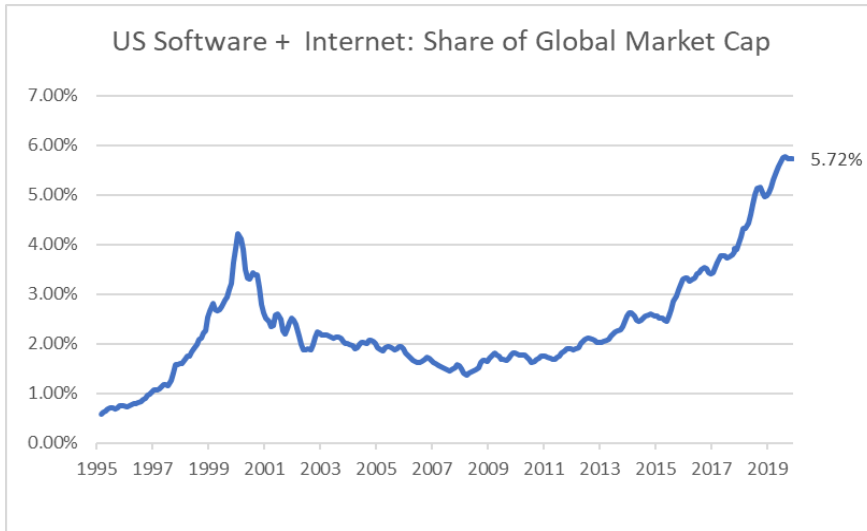
Investment performance: bull & bear market view since inception to 31 December 2019



Long portfolio outperformance overshadowed by the cost of downside protection.



Markets are already at extremes.



Platinum's investment approach: Seeking out the unfashionable

Secular growth assets are in bubble territory

Investors are averse to cyclicity

Cyclicals and industrials are VERY cheap

We own out of favour cyclicals like industrials and financials and short over-priced growth and safety

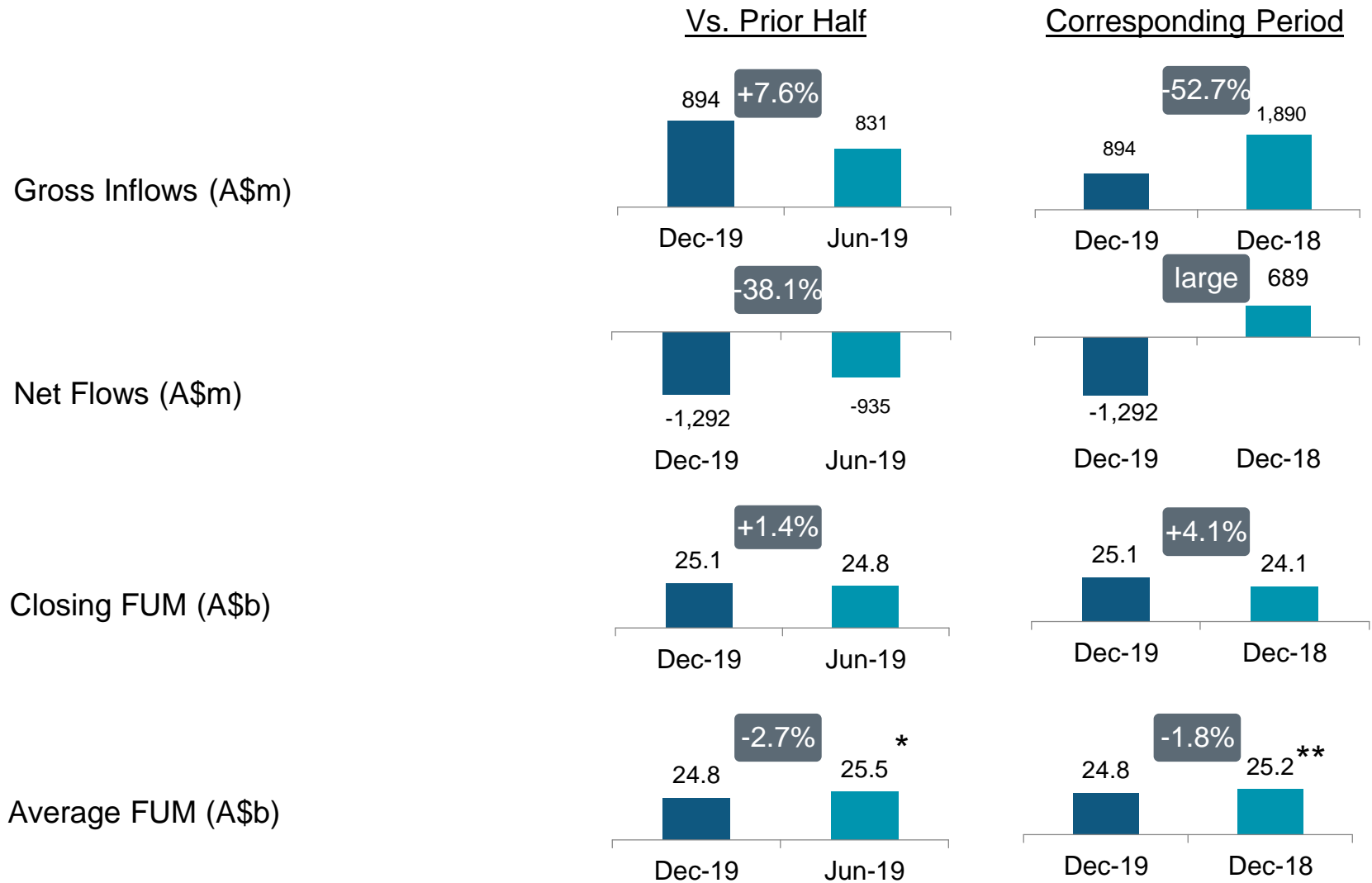


Looking ahead

- ◆ Recent investment underperformance largely reflects the late cycle bull market.
- ◆ **However, the business remains resilient and well placed for future growth...**
 - Strong position in Australian retail market. Highly differentiated products.
 - Desire for higher foreign equity exposure continues to increase in Australia.
 - New offshore initiatives provide a platform for growth over the medium term.
 - Profitable and scalable business with strong dividend capacity and an unlevered balance sheet.
- ◆ **...underpinned by a clear client proposition.**
 - Consistent, benchmark agnostic, investment process and high research quality continues to generate a large idea base.
 - An unwavering focus on delivering strong, long term, client outcomes.



Flows & Funds Under Management



Source: Platinum.

* Monthly average for the 6 month period to 30 June 2019. FUM excludes impact of annual distributions.

** Monthly average for the 6 month period to 31 December 2018.

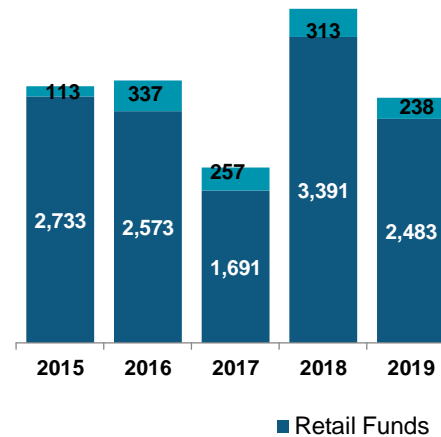


Flows

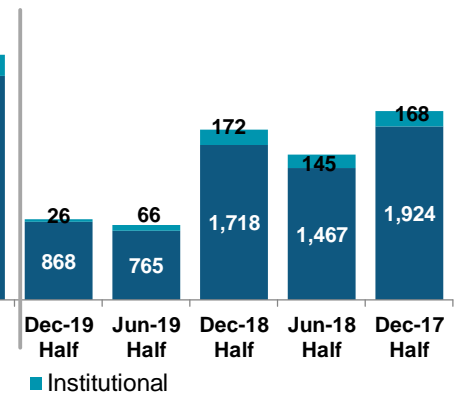
Gross Flows

- Gross flows for the 6 months to Dec-19 were resilient, coming in ahead of the prior half and down slightly on the prior comparative period.
- Gross flows in Dec-19 half included ongoing QMF inflows (+\$40m).
- However, gross inflows did slow in the last few months of the half as the combination of declining markets and relative underperformance began to weigh on investor sentiment.

Annual gross flows (A\$m)

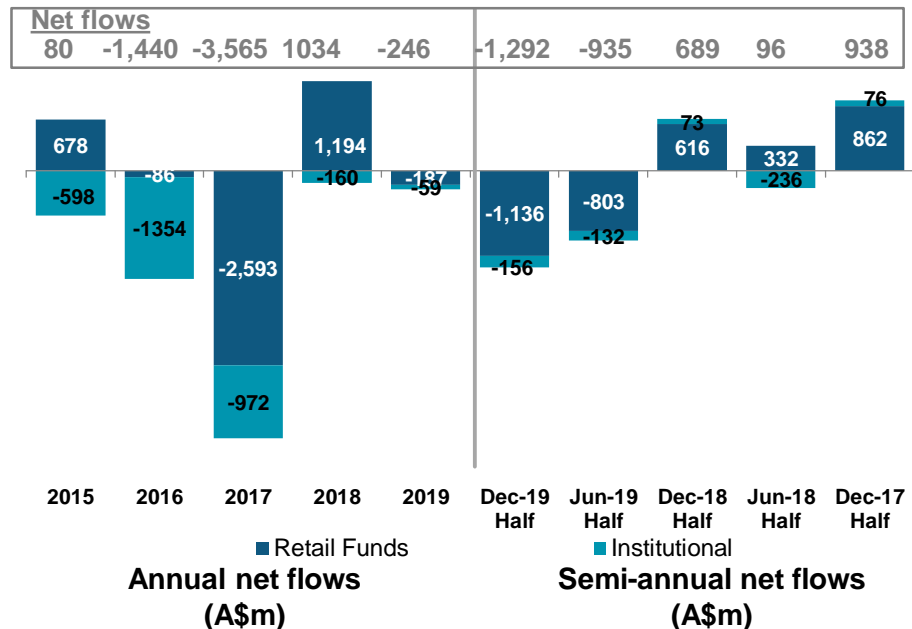


Semi-annual gross flows (A\$m)

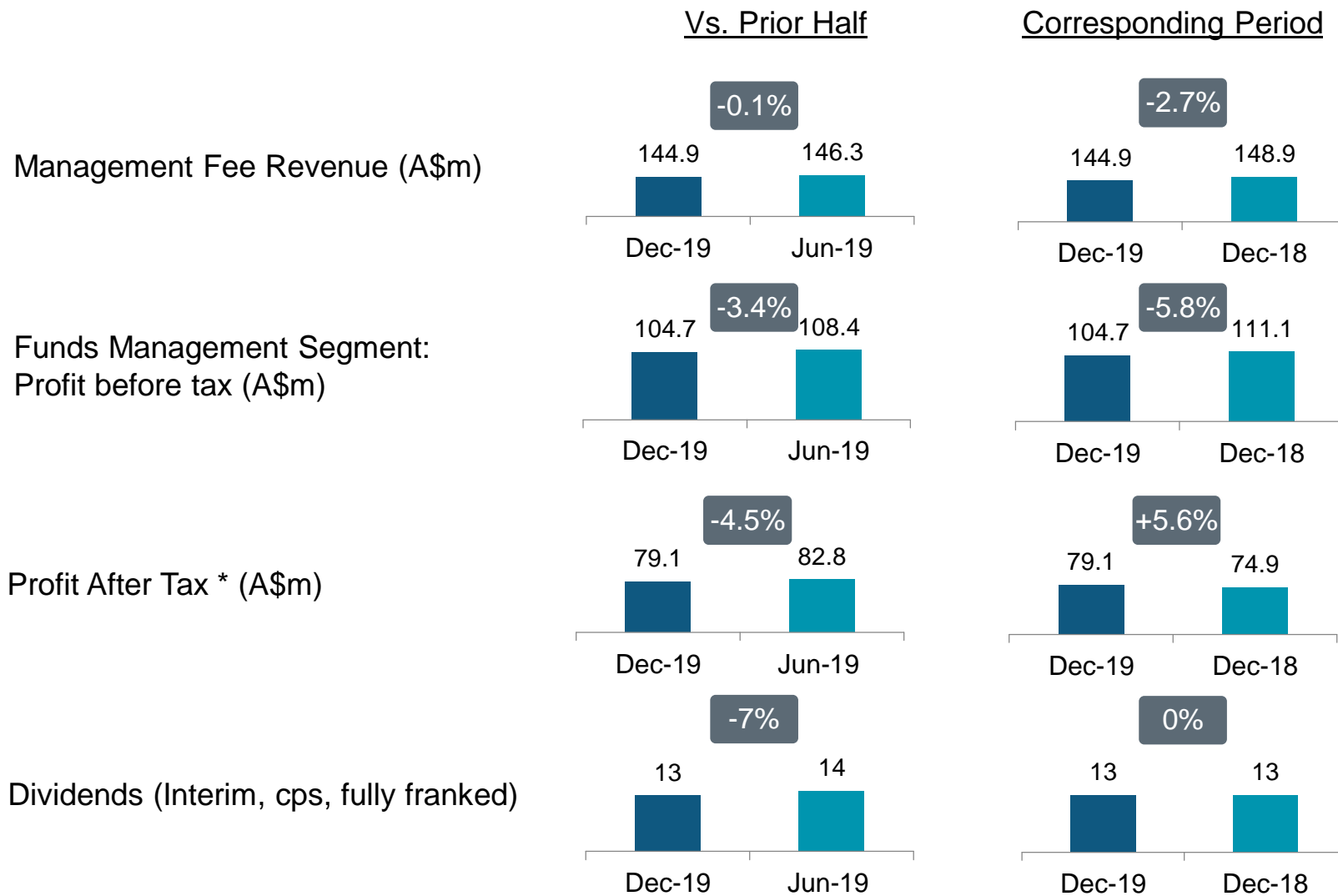


Net Flows

- 52% of outflows of \$1.3b in the Dec-19 half occurred during Aug & Sept. Monthly run-rate otherwise ranged between \$100m and \$250m
- Retail fund net outflows of \$1.1b were concentrated in the flagship products with PIF & PAF combined \$740m* including QMFs' net inflow \$15m.
- Institutional fund outflows were similar to the June-19 half with net outflows of -\$156m over the 6 months from 1 July 2019.



Operating Results



Source: Platinum.

* Profit after tax attributable to owners.



Revenue Analysis

As at 31 December 2019

	DEC-19 (\$M)	JUN-19 H (\$M)	VAR. (\$M)	DEC-18 H (\$M)	VAR. (\$M)	COMMENT
Average FuM (\$B)*	24.8	25.5	-0.7	25.2	-0.4	
Average Fee**(bps)	115	115	-	118	-3.0	FuM mix change
Management fees	144.9	146.3	-1.4	148.9	-4.0	
Performance fees	0.0	0.0	0.0	0.0	0.0	Negligible
Sub-Total: Fee Revenue	144.9	146.3	-1.4	148.9	-4.0	
Interest income	1.1	1.8	-0.7	1.7	-0.6	Lower average cash balances and rates
Gain/(loss) on PAI holding	1.5	2.2	-0.7	-2.2	3.7	\$1.5m comprises \$0.9m equity accounted gain and \$0.6m dividend received.
Gain/(loss) on UCITS holding	4.5	6	-1.5	-5.3	9.8	Equity accounted gain
Gain/(loss) on PAXX holdings***	1.6	10	-8.4	-11.6	13.2	Equity accounted gain
FX gains	0.0	0.0	0.0	1.5	-1.5	
Sub-Total: Other Income	8.7	20.0	-11.3	-15.9	24.6	
Total Revenue	153.6	166.3	-12.7	133.0	20.6	

Source: Platinum.

* Average FUM excludes impact of annual distributions.

** Annualised average management fee, excluding performance fees.

*** PAXX was deconsolidated on 20 May 2019.



Expense Analysis

As at 31 December 2019

	DEC-19 (\$M)	JUN-19 H (\$M)	\$ VAR. (\$M)	DEC-18 H (\$M)	\$ VAR. (\$M)	COMMENT
Staff costs	13.0	13.8	-0.8	11.9	1.1	Vs Dec-18H: new hires and salary increases Vs Jun-19H: Lower Annual/long service leave provisions and on costs
Variable remuneration ⁽¹⁾ , incl. share based payments expense ⁽²⁾	9.5	7.7	1.8	10.2	-0.7	See below
Custody and unit registry costs	6.2	6.4	-0.2	6.4	-0.2	Lower FuM
Business development costs	3.3	3.6	-0.3	3.5	-0.2	Website and increased advertising in Dec-18H
Research and technology	2.7	2.7	0	2.3	0.4	New staff, currency impact on US\$ contracts.
Other costs	5.9	4.2	1.7	3.7	2.2	\$1.2m in one off costs associated with occupancy and legal expenses (both corporate and fund related).
Total Expenses	40.6	38.4	2.2	38.0	2.6	Vs. Dec-18H: Up 3.6% excluding one-off's

(1) Variable Remuneration	DEC-19 H	JUN-19 FY	DEC-18 H
% Expense: Investment Team	53%	53%	58%
% Expense: General Plan	42%	42%	37%
% on-costs (payroll tax)	5%	5%	5%
Weighted Average 1 and 3 year investment performance*	-3.7%	-5.9%	-4.4%

(2) Accounting for the deferred bonus plan

- ◆ 4 year vesting period plus award year = 5 year amortisation period. Expense is adjusted for an estimate of likely future experience
- ◆ Award is hedged via an Employee Share Trust. No future P&L impact of any gains/losses caused by share price variation

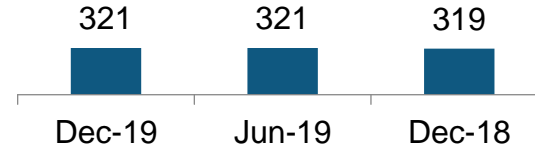
* The June 19 figures represent investment performance for the 1 and 3 years ended 31 March of those years, which provided the basis for June analyst and profit share plan variable remuneration awards. The Dec-19 and Dec-18 figures represents performance for the 9 months and 33 months ended December, which formed the basis for the half year analyst and profit share plan variable remuneration accrual.



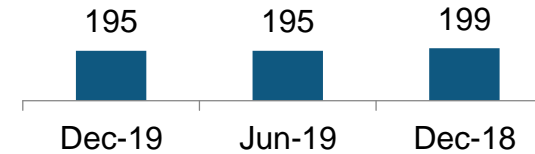
Strong Balance Sheet

As at 31 December 2019

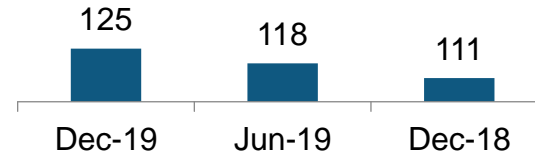
Net Assets* (A\$m)



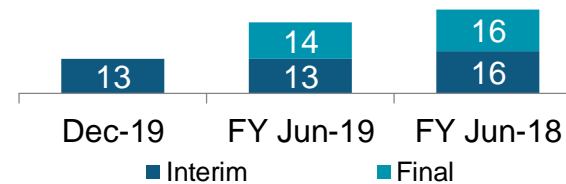
Cash & Term Deposits (A\$m)



Seed Investments** (A\$m)



Dividends (cps)



Questions



Appendix 1:

Detailed Operating Results

(\$M)	Dec-19	Jun-19 H	% CHANGE	Dec-19	Dec-18	% CHANGE
Management fees	144.9	146.3	-0.1%	144.9	148.9	-2.7%
Performance fees	0.0	0.0	-	0.0	0.0	-
Interest income	1.1	1.8	-39%	1.1	1.7	-35%
Net gains/(losses) on FX, FA & other income	7.6	18.2	large	7.6	(17.6)	large
Total revenue	153.6	166.3	-7.6%	153.6	133.0	+15.5%
Staff costs incl. share based payments	22.5	21.5	+5.1%	22.5	22.1	+2.3%
Custody and unit registry costs	6.2	6.4	-3.1%	6.2	6.4	-3.1%
Business development costs	3.3	3.6	-8.3%	3.3	3.5	-5.7%
Research and technology	2.7	2.7	0%	2.7	2.3	+17.4%
Other costs	5.9	4.2	+38.1%	5.9	3.7	+56.8%
Total costs	40.6	38.4	+5.7%	40.6	38.0	+7.0%
Pre-tax profit	113.0	127.9	-11.6%	113.0	95.0	+18.9%
Income tax expense	33.9	34.8	-2.6%	33.9	29.8	+13.8%
Net profit after tax	79.1	93.1	-15%	79.1	65.2	+21.3%
Net profit after tax attributable to owners	79.1	82.8	-4.5%	79.1	74.9	+5.6%
Diluted EPS (c)	13.6	14.2	-4.2%	13.6	12.8	+5.9%
Average FUM (\$b)	24.8	25.5	-2.7%	24.8	25.2	-1.8%
Total no. of shares – issued (m)	586.7	586.7	-	586.7	586.7	-



Appendix 2

Funds under Management: Half year to December 2019, A\$m

FUNDS	OPENING BALANCE (1 JUL 2019)	NET CLIENT FLOWS	DISTRIBUTIONS & OTHER	INVESTMENT PERFORMANCE	CLOSING BALANCE (31 DEC 2019)	% OF TOTAL
Retail Funds						
Platinum Trust Funds and Platinum Global Fund ¹	15,939	(1,070)	-	1,105	15,974	64%
Platinum Quoted Managed Funds – PIXX and PAXX	486	15	-	32	533	2%
Platinum Listed Investment Company's – PMC and PAI	848	-	(26)	64	886	3%
MLC Platinum Global Fund	835	(81)	-	62	816	3%
Institutional Clients						
Platinum World Portfolios plc – UCITS	421	(1)	-	29	449	2%
Fixed Fee Mandates	2,466	(146)	-	168	2,488	10%
'Relative' Performance Fee ²	3,329	32	-	174	3,535	14%
'Absolute' Performance Fee	445	(41)	-	33	437	2%
TOTAL	24,769	(1,292)	(26)	1,667	25,118	100%

¹ FuM closing balance excludes QMFs but includes retail performance fee class totalling \$40.5m. FuM excludes \$1.4b attributable to institutional investors in the Platinum Trust Funds that have elected a performance fee option.

² FuM closing balance includes Platinum Trust Fund institutional performance fee clients of \$1.4b and mandates of \$2.1b attributable to institutional investors.



Appendix 3

Segment Analysis: As at 31 December 2019

FUNDS MANAGEMENT	DEC-19 (\$M)	DEC-18 (\$M)	% VAR
Fee Revenue	144.9	148.9	(2.7%)
Other Revenue	0.3	0.1	large
Total Revenue	145.2	149.0	(2.6%)
Expenses	(40.5)	(37.9)	7.0%
Profit Before Tax	104.7	111.1	(5.8%)
Income Tax Expense	(31.6)	(35.2)	(10.2)%
Non controlling interest	-	-	-
Profit After Tax attributable to owners	73.1	75.9	(3.7%)
Average FuM	24,803	25,249	-1.8%

INVESTMENTS AND OTHER	DEC-19 (\$M)	DEC-18 (\$M)	% VAR
Fee Revenue	-	-	-
Other Revenue	8.4	(16.0)	(large)
Total Revenue	8.4	(16.0)	(large)
Expenses	(0.1)	(0.1)	0%
Profit Before Tax	8.3	(16.1)	(large)
Income Tax Expense	(2.3)	5.4	(large)
Non controlling interest	-	9.7	(large)
Profit After Tax attributable to owners	6.0	(1.0)	(large)
Segment Net Assets	312.2	418.8	(25.4%)

- ◆ Funds management revenue was down 2.7% year-on-year. Expenses up 7.0%, mostly due to resources deployed in the area of growth and expansion and profits were down 3.7%.
- ◆ Investments recorded a gain for the half, primarily reflecting the mark to market gains made by seed investments.



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Unless otherwise expressly stated, investment returns for the Platinum Trust Funds have been calculated using the relevant fund’s NAV unit price (C Class – which does not have a performance fee component) and represent the combined income and capital return for the specified period. They are net of fees and costs, pre-tax, and assume the reinvestment of distributions. The investment returns shown are historical and no warranty can be given for future performance. The respective inception dates of the funds (C Class) are: Platinum International Fund – 30 April 1995; Platinum Unhedged Fund – 28 January 2005; Platinum Asia Fund – 4 March 2003; Platinum European Fund – 30 June 1998; Platinum Japan Fund – 30 June 1998; Platinum International Brands Fund – 18 May 2000; Platinum International Health Care Fund – 10 November 2003; Platinum International Technology Fund – 18 May 2000.

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