

6 November 2015

The Manager  
ASX Market Announcements  
Australian Securities Exchange Limited  
Sydney NSW 2000

By e-Lodgement

The unaudited **pre-tax** net asset value (NAV) of Platinum Capital Limited ("PMC") as at 31 October 2015 was \$1.65 per share (30/09/15 \$1.60).

The unaudited post-tax net asset value (NAV) of Platinum Capital Limited ("PMC") as at 31 October 2015 was \$1.59 per share (30/09/15 \$1.54).

The post-NAV was calculated on a liquidation basis using the last sale price to value investments. Investments were stated at net market value after provision for tax on **both** realised and unrealised income and gains. The share price at 31 October 2015 was \$1.85.

J Vynokur  
Company Secretary

## Facts

Portfolio value	\$387.43 mn
Portfolio inception	29 June 1994
Current share price	\$1.85
Current dividend yield	6.49% fully franked
<b>Pre-tax NAV</b>	<b>\$1.6454</b>
Post-tax NAV	\$1.5876
NAV franking	13.03 cps
NAV retained earnings & dividend profit reserve	29.41 cps
Realised franking	7.25 cps

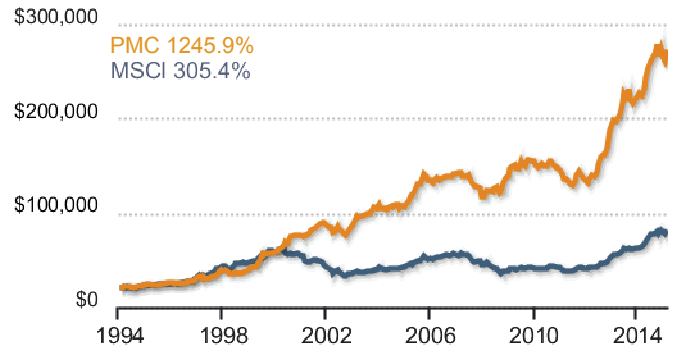
## Performance<sup>1</sup> (Pre Tax, after base fees)

	PMC %	MSCI %
1 month	4.68	6.16
3 months	(0.43)	(0.35)
6 months	2.00	5.28
1 year	20.17	23.16
2 years (compound pa)	15.18	19.58
3 years (compound pa)	24.91	24.51
5 years (compound pa)	12.25	14.75
7 years (compound pa)	11.80	9.39
10 years (compound pa)	8.75	6.15
Since inception (compound pa)	12.96	6.78

## Fees

Management fee:	1.5% p.a of the portfolio value
Performance fee:	Payable at 10% of the amount by which the portfolio's annual performance exceeds the return achieved by the MSCI All Country World Net Index plus 5%

## Performance graph<sup>2</sup>



Source: Factset and Platinum

## Invested positions<sup>3</sup>

	LONG %	NET %	CURRENCY %
Australia	0.4	0.4	0.4
Brazil	0.0	0.0	0.1
Canada	0.9	0.9	1.4
China	4.2	4.2	(9.2)
China Ex PRC	15.6	15.6	
Hong Kong	1.3	1.3	10.6
France	4.8	4.8	
Germany	3.5	2.4	
India	5.4	5.4	5.6
Italy	2.8	2.8	
Japan	8.8	8.8	3.9
Korea	7.5	7.5	0.5
Malaysia	0.7	0.7	0.7
Nigeria	0.2	0.2	0.2
Norway	0.6	0.6	4.7
Russia	0.8	0.8	
Sweden	2.6	2.6	2.6
Switzerland	1.4	1.4	1.0
United Kingdom	7.5	7.5	2.4
United States	22.3	7.8	75.4
Vietnam	1.9	1.9	
Zimbabwe	0.7	0.7	
	<b>94.0</b>	<b>78.3</b>	
China Renminbi Off Shore			(6.5)
Euro Currency			6.0
Singapore Dollar			0.4
Cash	6.0	21.7	
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Long - 103 stocks, 5 swaps, 1 bond      Short - 2 stocks, 3 indices

## Top ten positions<sup>4</sup>

STOCK	COUNTRY	INDUSTRY	%
Samsung Electronics Co Ltd	Korea	Info Technology	3.7
Carnival Corp	UK	Cons Discretionary	3.0
Alphabet Inc C Class	USA	Info Technology	2.7
China Pacific A share P-Note	China	Financials	2.6
Ericsson LM-B	Sweden	Info Technology	2.6
Tencent Holdings Ltd	China Ex PRC	Info Technology	2.4
Intesa Sanpaolo SpA	Italy	Financials	2.3
AstraZeneca PLC	UK	Health Care	2.3
Toyota Industries Corp	Japan	Cons Discretionary	2.0
PICC Property & Casualty Co	China Ex PRC	Financials	1.9

## Industry breakdown<sup>3</sup>

SECTOR	LONG %	NET %
Info Technology	28.4	28.4
Cons Discretionary	14.8	13.8
Financials	12.3	12.3
Health Care	10.2	8.9
Industrials	7.9	7.9
Consumer Staples	6.4	6.4
Utilities	4.3	4.3
Materials	4.0	4.0
Energy	2.6	2.6
Telecom Services	2.5	2.5
Other*	0.6	(12.7)

\* Includes index short positions

1. Performance results have been calculated using the pre-tax net asset value price (as released to the ASX) and represent the combined income and capital return of the investments for the specified period. Please note that the results are not calculated from the share price of Platinum Capital Limited (PMC). You should also be aware that performance results are calculated using historic points of reference. PMC cannot guarantee that such results will be replicated in the future; therefore, this information should not be used to make future investment decisions.

2. The investment returns depicted in this graph are cumulative on A\$20,000 invested in PMC since inception relative to the MSCI All Country World Net Index in A\$ (nb. the gross MSCI Index was used prior to 31 December 1998 as the net MSCI Index did not exist). Performance results have been calculated using the pre-tax net asset value (NAV) price as released to the ASX (monthly 'Net Asset Values') and represent the combined income and capital return of PMC's investments for the specified period. Please note that the results are not calculated from the share price of PMC. It should be noted that Platinum does not invest by reference to the weightings of the Index. Underlying assets are chosen through Platinum's individual stock selection process and as a result holdings will vary considerably to the make-up of the Index. The Index is provided as a reference only.

3. The "Long %" represents the exposure of physical holdings and long stock derivatives. The "Net %" represents the exposure of physical holdings and both long and short derivatives.

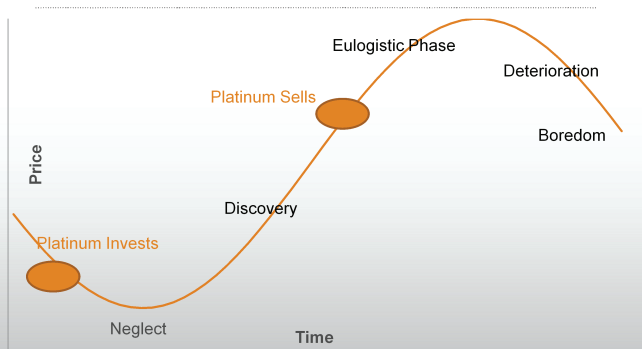
The "Currency %" represents the currency exposure for the Company's Portfolio, taking into account currency hedging.

4. Top Ten positions shows PMC's top long share exposure positions. Long derivative exposures are included, however, short derivative exposures are not.

Platinum Investment Management Limited ABN 25 063 565 006 AFSL 221935, trading as Platinum Asset Management ("Platinum") is the investment manager of PMC. Before making any investment decision you need to consider (with your financial adviser) your particular investment needs, objectives and financial circumstances.

DISCLAIMERS: Some numerical figures in this Fact Sheet have been subject to rounding adjustments. The information presented in this Fact Sheet is general information only and is not intended to be financial product advice. It has not been prepared taking into account any particular investor's or class of investor's investment objectives, financial situation or needs, and should not be used as the basis for making investment, financial or other decisions. To the extent permitted by law, neither PMC nor Platinum will be liable for any loss or damage as a result of any reliance on this information. Neither PMC nor Platinum guarantee the repayment of capital, payment of income or PMC's performance. Platinum is a member of the Platinum Group of companies.

### Platinum's approach



Source: Platinum



### Investment Backdrop and Themes

#### MACRO BACKDROP

- Low growth world; high debt levels; distortion of free money
- Rapid change/ disruption driven by technology

#### GLOBAL THEMES

- E-commerce, data, mobility
- Financial sector
- Emerging Consumer including Pharmaceuticals

#### ASIA'S REFORM

- China rebalancing
- Indian infrastructure
- Japan and Korea's corporate rejuvenation

Source: Platinum



### Current Simple Framework



31% in US/ Europe    2% Other    45% in Asia/ Japan

### The Index Anomaly

	US	China
World Population	4%	19%
World GDP (PPP)	16%	17%
World GDP	23%	13%
MSCI AC World Index	53%	2%
Platinum Capital Limited (net)	8%	20%

Source: Platinum Capital Limited (at 31 10 15), MSCI, (weight at 30 9 15), IMF 2014, UN 2015



### Market update and Commentary

Our recent quarterly report noted we had likely seen the capitulation of a bear trend and net buying (including a reduction of shorts) around the lows had opportunistically brought our exposure back up from around 70% to closer to 80%. We moved quickly from a terrible quarter to a strong October; stabilisation seemed the theme, with China's reform and loosening policy actions helpful. The world remains subject, however, to the consequences of the distortions of free money.

Within the portfolio, several of our major technology holdings delivered strong results with Alphabet (Google's parent), Baidu (China's Google!) and our largest holding, Samsung Electronics, pleasing the market. The last of these announced a buyback which could be the start of more shareholder friendly behaviour from one of the cheapest quality companies in the world (9x forward P/E and net cash).

We remain convinced that the Fed needs to raise rates, if only to regain control over the price of money and our large exposure to the US dollar should benefit from this. We have softened our negative stance on the Euro and Yen, but see no reason to own the Australian dollar and we protect our Chinese exposure via a short on their currency.

Our exposure to China is almost all via the consumer – insurance, e-commerce / mobile, alcohol. These stocks are on a median P/E of 14x yet offer growth profiles unavailable elsewhere. The entire market has been shunned due to challenges in transition, but the problems face the banks and heavy industry (and should not be underestimated), while incomes rise and the middle class grows. The BRATS (Brazil, Russia, Australia, Turkey and South Africa) plus materials and some industrials in the West face challenges and we still have little exposure to this group, though with prices adjusting we are more watchful around oil.

Over one year and three years, our net returns are in-line with the market despite running around only 80% exposure and the market being dominated by a very strong US market, which is much less significant in our portfolios. We think stock pickers will be increasingly rewarded; passive investing has become very fashionable and we are concerned about the functioning of ETF's in the next inevitable downturn.

Over the last year, China has made a significant contribution despite its peaking in May with almost one third of our returns coming from the region. Currency management has been beneficial and shorts have helped over the last six months. Technology stocks have dominated returns over the more recent past. With long holdings on a median P/E of below 15x, similar to cyclically-challenged Australia and lower than the earnings-challenged US, and with some protection in the Fund, we are comfortable with what we own.