

Chairman's Address to the AGM on 1 November 2018

Listing Rule 3.13.3

Introduction

Good morning ladies and gentlemen and welcome to the 2018 Annual General Meeting of Platinum Asia Investments Limited (“**PAI**” or the “**Company**”).

I will now move on to my address. I will concentrate on a number of key issues that have impacted on the Company.

Investment performance and the financial results for the 30 June 2018 financial year

The Company continued its strong performance during the 2018 financial year.

For the year ending 30 June 2018, the Company delivered a return of 18.6% in A\$ terms (measured by its pre-tax net tangible assets (“**NTA**”) i.e. the combined capital and income return of the Company's investments after the deduction of fees and expenses, assuming the reinvestment of dividends and taking into account any capital flows). This is compared to the MSCI Asia ex Japan Net Index in A\$ terms (“**Index**”), which delivered a return of 14.1% for the same period.

The strongest performance came from those companies that benefitted from the consumer trends of China's rising middle class, including, for example, healthcare and e-commerce stocks.

Since inception (in September 2015) to 30 June 2018, the Company's compound annualised return (measured by the Company's pre-tax NTA) was 11.7% per annum, compared with a compound annualised return of 12.9% for the MSCI Asia ex Japan Net Index in A\$ terms, for the same period.

Statutory accounts

For the financial year ended 30 June 2018, the Company made a statutory pre-tax operating profit of \$72.9 million and a post-tax operating profit of \$51.5 million.

Under Australian Accounting Standards, realised profits and losses are added to, or reduced by unrealised changes in the market value of the Company's total assets. This can lead to large variations in recorded statutory profits or losses from any one year to the next.

The Board maintains that a more appropriate measure of the Company's performance is the percentage change in its pre-tax NTA, assuming the reinvestment of dividends and taking into account any capital flows. On this measure, the Company has achieved a return of 18.6% for the 12 months to 30 June 2018.

Dividends

The Company realised sufficient gains in the 2018 financial year to be able to declare a fully-franked 2018 final dividend of 6 cents per share, bringing the total dividends declared for the 2018 financial year to 10 cents per share. This represented a dividend yield of 7.9% based on the 30 June 2018 closing share price of \$1.26.

The Board has a policy of dividend smoothing and endeavours to ensure that there are sufficient franking credits available to pay fully-franked dividends in the future.

To the extent that any profits are not distributed as dividends, the Board may set aside some or all of the Company's undistributed profits to a separate dividend profit reserve to facilitate the payment of future fully-franked dividends, subject to the balance of the franking account.

Proposal to remove the refund of tax paid on franking credits

I note the announcement by the Federal Opposition to remove the cash refund of franking credits. If this proposal is implemented, certain zero and marginal tax rate listed investment company investors will be adversely impacted, resulting in uneven playing field between investors in listed investment companies and unit trust structures. Accordingly, the Board does not support this proposal.

Platinum Investment Management Limited (“**Platinum**”), with the Board’s support, wrote to the Leader of the Federal Opposition and the Shadow Treasurer on 9 July 2018, to express its concerns, and further requested that listed investment companies be exempt from the proposal. We are yet to receive a response.

Platinum has also written to the Parliamentary Standing Committee on Economics which has established an inquiry to look into the merits of the proposal and is a member of the Listed Investment Companies and Trusts Association, which is affiliated with the Financial Services Council and intends to lobby against the proposal.

Director renewal and change of Company Chairperson

On 31 March 2018, Bruce Coleman resigned as a Director and the Chairman of the Company and I replaced Mr Coleman in both of these roles. Prior to his resignation, Mr Coleman had served as both Chairman and a Director of the Company since its incorporation in June 2015.

The Board would like to extend its thanks to Bruce for his invaluable contribution to the Company.

Capital management

The Company did not engage in any capital raising activities during the 2018 financial year. However, I take this opportunity to re-state the Board’s capital management policy, which is:

The Board regularly and actively reviews the most efficient manner by which the Company manages its capital, in response to changing market conditions and risks, with the sole aim of enhancing shareholder value, through:

- the management of the level of dividends to shareholders;
- the issue of shares by methods such as rights offers, share purchase plans or placements; and/or
- the use of share buy-backs.

Other corporate governance matters

The Company’s investments are managed and administered by Platinum through two key agreements previously approved by shareholders: the Investment Management Agreement and the Administration Agreement.

During the financial year ending 30 June 2018, the Board continued to monitor the performance of Platinum and its adherence to the agreements with the full and transparent co-operation of Platinum and its management team. Accordingly, I am confident in the integrity and reporting of the Company’s financial results to shareholders.

Performance for the first quarter of the 2019 financial year and outlook for the rest of the 2019 financial year

For the first quarter of the 2019 financial year, the Company’s pre-tax NTA decreased by 2.9%. However, the investment manager has advised that there are further opportunities to reposition our portfolio, adding to Chinese domestically-focussed companies and cushioning the portfolio against the direct impact of the ongoing (global) trade friction.

As at 26 October 2018, the Company’s pre-tax NTA was \$1.01.

The investment manager also recently noted:

“It is possible that US interest rate and oil prices will continue to rise in the coming months, and no imminent resolution is yet in sight for the US-China trade dispute. We should therefore expect to see market volatility persist in the near term. However, we are encouraged by the number of attractive long-term opportunities that we are finding, and we will continue to deploy the portfolio’s capital with a view to carefully capture those long-term winners”.

Finally

On behalf of the Board, I wish to express our appreciation of the work done by Dr Joseph Lai and Platinum’s investment team over the last year and I thank Andrew Clifford, Kerr Neilson and the broader team at Platinum.

Finally, on behalf of the Board, I thank shareholders for their continued support.

Margaret Towers
Chairperson
1 November 2018

Note: The pre-tax NTA returns are calculated on net assets after the deduction of fees and costs, taking into account any capital flows and assume the reinvestment of dividends. Returns have not been calculated using the Company’s share price. Past performance is not a reliable indicator of future results. Figures are subject to rounding. Source: Platinum Investment Management Limited, FactSet.