

Chairman's Address to the AGM on 15 November 2018

Listing Rule 3.13.3

Introduction

I will discuss the Company's performance for the year ended 30 June 2018 and for the first few months of the 2019 financial year. I will also discuss remuneration matters, business and industry initiatives and developments, dividends and the outlook for 2018-2019.

Performance in terms of investment returns and Funds under Management ("FUM")

The 2018 financial year was a strong one for Platinum, both in terms of investment returns and net fund inflows.

Investment returns remained strong with most of our funds delivering outstanding returns (both in absolute and relative terms) for the 12 months to 30 June 2018. (Please note that all fund returns hereon referenced are returns for the standard fee option, net of accrued fees and costs, and assume the reinvestment of distributions).

All of our Platinum Trust Funds and the Platinum Global Fund (mFund) delivered double digit returns for the 12 months to 30 June 2018, and seven of those nine funds delivered returns in excess of 14% over the same period.

The investment performance for the 2018 financial year can be segregated into two distinct periods. For the nine months to 31 March 2018, all of our international funds¹ (i.e. global equity funds without a sector or industry bias) delivered outstanding investment performance relative to the MSCI AC World Net Index (\$A). However, the combination of the trade war between China and the US, rising US interest rates and the tightening of credit in China, led to these funds underperforming in both absolute and relative terms during the latter period.

Andrew Clifford will expand on this point in his address.

Over the longer-term, for the 10 year period to 30 June 2018, eight of our nine funds outperformed relative to their nominated indices, and all nine funds have outperformed against their nominated indices since inception to 30 June 2018. The long-term performance of the funds continues to endorse the investment philosophy, process and expertise of the investment manager.

FUM as at 30 June 2018 was approximately \$25.7 billion (post the 30 June 2018 cash distribution), an increase of 13.1% from the 30 June 2017 closing FUM of approximately \$22.7 billion.

The main contributor to FUM growth was the strong investment performance of our funds, which added approximately \$3.5 billion to FUM for the 2018 financial year. Net fund inflows contributed approximately \$1 billion whilst net distributions reduced FUM by approximately \$1.5 billion. The distribution was the highest ever paid by the Platinum Trust Funds and was a direct result of the strong realised investment gains made during the 2018 financial year.

It is pleasing to note the positive net fund inflows of approximately \$1 billion for the 2018 financial year relative to the 2017 financial year, which saw net fund outflows of \$3.6 billion. This turnaround can partly be attributed to the lagged effect of investment performance on fund flows.

Financial results

Revenues were up 5% for the 12 months to June 2018 to \$328.7 million, largely driven by an increase in the average FUM of 13% to \$26.4 billion. The revenue lift was also assisted by performance fees and additional gains from Platinum's seed investments.

¹ Platinum International Fund, Platinum Global Fund and Platinum Unhedged Fund.

The growth in revenue was particularly pleasing in light of Platinum's decision to reduce its management fees for the standard fee option for each of the Platinum Trust Funds and the Platinum Global Fund from 3 July 2017. When we first announced the reduction in management fees for these funds in April 2017, we estimated that the Company's 2018 revenue may decrease by as much as \$24 million or 9% from the 2017 financial year.

Profit after tax attributable to members was up 2% to \$189 million. The solid increase in revenue was largely offset by the increase in expenses, mainly compensation-related, the majority of which were paid to the investment team for the excellent one and three-year relative and absolute investment returns to 31 March 2018.

Earnings per share were also up 2% to 32.36 cents per share.

Remuneration matters

Included in the 2018 Remuneration Report of the Company's 2018 Annual Report is a letter from the Chairman of the Nomination and Remuneration Committee. I encourage all shareholders to read this letter, which outlines the remuneration policy of the Platinum Group and Platinum's focus on performance-based remuneration. The alignment of employee remuneration with investment returns is a key pillar of Platinum's remuneration policy. In such a competitive environment, it is vital that Platinum is able to attract and retain high calibre individuals.

Due to the strong one and three year absolute and relative investment returns, there was a significant increase in variable short-term cash and deferred incentive awards awarded to the investment team in 2018. This resulted in overall staff expenses increasing substantially for the financial year.

Consistent with prior years, Mr Kerr Neilson waived his ability to receive variable awards. Andrew Clifford (as Platinum's Chief Investment Officer) received a variable award for the 2018 financial year as did the Company's Director of Investor Services and Communications, Elizabeth Norman and the Finance Director, Andrew Stannard.

When thinking about remuneration, it is important for shareholders to remember that the long-term value of Platinum is most closely linked to investment performance as, without it, the Company will be unable to attract or retain clients. When seen in this context, increases in investment team remuneration are often a strong positive indicator of future shareholder returns. Also, even after the increase in costs, Platinum still retained its industry leading profit margin of over 75% for the financial year. This meant that the lion's share of 2018 profits still flowed to investors by way of fully franked dividends.

Finally, shareholders should remember that key staff currently have relevant interests in over 60% of the shares in the Company. This means that the interests of shareholders and management are aligned very closely.

Platinum's new initiatives

The 2018 financial year represents the third consecutive year in which Platinum launched new investment products. The aim is to broaden Platinum's investor base over time.

In addition to offering a new performance fee class under each of the eight Platinum Trust Funds, Platinum launched two ASX-quoted actively-managed funds during the 2018 financial year. The Platinum International Fund (Quoted Managed Hedge Fund) (ASX ticker: PIXX) and Platinum Asia Fund (Quoted Managed Hedge Fund) (ASX ticker: PAXX) are feeder funds that invest primarily in the unlisted Platinum International Fund and Platinum Asia Fund, respectively. PIXX and PAXX provide investors with access via the ASX to the underlying flagship funds.

Being quoted on the ASX, these innovative products allow investors to conveniently buy and sell units through their stockbrokers with the knowledge of a real-time indicative net asset value before placing a trade. We have been delighted with the level of investor support for these new funds. As at 8

November 2018, FUM in these quoted managed funds was approximately \$419 million and the number of investors was approximately 9,800.

As part of our international distribution strategy, Platinum established new Delaware/Cayman master feeder structures and entered into a distribution relationship with AccessAlpha Worldwide LLC to promote Platinum's global equity capabilities to US and Canadian institutional investors. At this early stage, we are gaining traction from repeat visits to a number of institutional investors. However, we note that the time-frame for leads to convert to actual investment of funds can be long.

The North American distribution capabilities should complement our existing European distribution capabilities via our Dublin domiciled UCITS funds which are well positioned with FUM of approximately A\$421 million as at 8 November 2018. In addition, Platinum has very recently appointed a new Head of UK and European Distribution who will be based in London to further Platinum's distribution strategy into the UK and Europe.

Dividends

The final 2018 fully franked dividend was 16 cents per share, taking dividends for the 2018 financial year to 32 cents per share, delivering an attractive yield of 7.9% after grossing up for franking credits, based on the 30 June 2018 share price of \$5.76.

The Board has noted that over the past decade, it has consistently paid shareholders over 90% of the Company's profit after tax, as dividends. This is because the Company's capital requirements have been limited. The Board generally expects that most future profits will continue to be distributed by way of dividends, subject to any capital requirements of the Company.

Appointment of a new Managing Director/Chief Executive Officer

With full endorsement from the Board, Andrew Clifford took over from Kerr Neilson as the Managing Director and Chief Executive Officer of the Platinum Group from 1 July 2018. Andrew assumed this new role in addition to his role as Platinum's Chief Investment Officer. Andrew is a co-founder of Platinum and has worked alongside Kerr for more than 30 years. The transition is part of the orderly succession planning of the Platinum Group.

Kerr Neilson continues as an Executive Director of the Company and a full-time member of Platinum's investment team. Kerr will continue to contribute investment ideas, mentor junior members of the team, as well as provide support to further Platinum's various offshore distribution initiatives.

Director renewal

As part of the Company's director renewal programme, the Board was delighted to welcome two additional non-executive and independent Directors to the Board this calendar year, Ms Brigitte Smith and Mr Tim Trumper.

Brigitte has 20 years' experience in venture capital, business strategy and start-up company operations. Brigitte has previously worked in the US and Australia in operating roles with early stage technology based companies and as a strategic management consultant. Brigitte will be standing for re-election at this AGM.

Tim is an experienced non-executive director, a former CEO, and an advisor for high-performance global and Australian companies. His career has spanned diverse sectors including artificial intelligence and machine learning, big data, digital transformation, mobility and transport, financial services and media. Tim will also be standing for re-election at this AGM.

In accordance with good governance, the Board will continue to review and monitor the skills it requires.

Hayne Royal Commission

The Hayne Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry is now concluding and is due to deliver its final report and recommendations shortly. The hearings to date and the interim report have highlighted the fact that diversified financial service providers have struggled to create a common culture and value system across disparate business units within vertically integrated financial services groups. The conflicts of interests which are inherent in these business models have led to an excessive focus on financial gain and the pursuit of profit often at the expense of the fulfilment of their legal obligations, leading to poor client outcomes.

As diversified financial institutions focus on restoring trust and rebuilding their brand, an increasing number of these financial institutions have begun to narrow their service offerings to core activities and exit non-core operations.

In stark contrast, Platinum has always maintained an independent asset management business model with a singular focus on delivering superior risk adjusted investment outcomes for its clients over the long-term. To achieve this, Platinum employs highly talented staff and strives to create an environment that attracts and retains good people who share Platinum's values and performance driven culture. Our core belief is that if investment outperformance is delivered, the level of FUM will grow and profitability will follow, enhancing the returns to shareholders. This business model has remained unchanged since Platinum was founded over 24 years ago. We believe that this process best aligns the interests of Platinum's shareholders, employees and clients.

Outlook for 2018-2019

At the end of October 2018, Platinum FUM was \$24.7 billion, which represents a decrease of 4% from 30 June 2018, mainly due to weaker investment returns.

Platinum's investment approach is to focus on those stocks or sectors which are out of favour with the market. Whilst Platinum's assessment is that the funds' portfolios represent significantly better value than the broad market, this does not make them immune to sell offs in times of uncertainty. Nevertheless, Platinum expects that over the medium to long-term, these holdings should provide superior returns to those highly valued growth stocks that have been favoured by investors until recent weeks.

With respect to future fund performance, Platinum is of the view that:

"Any abatement of concerns around global economic growth and the trade war is likely to lead to improved share price performance from our holdings."

The Board does not provide earnings forecasts because of the uncertainty that surrounds both short term stock market performance and investor sentiment.

However, it is appropriate to note that, absent a dramatic turnaround in markets during the next 6 weeks, it seems likely that the Company's seed investments will be in an unrealised loss position for the half-year. In addition the Company is likely to receive little, if any, performance fee income.

Despite this, Platinum is well positioned:

- the investment team are able to find good value in the market;
- Platinum has undergone a smooth leadership transition retaining continuity of key people;
- it has well progressed its future growth plans offshore; and
- it is continuing its long term investment in people, processes and technology.

Conclusion

Despite, the challenging investment returns generated in the last few months, no words can do justice to the contribution that Kerr Neilson has made as the founder and Chief Executive Officer of the Platinum Group over the last 24 years. Kerr has remained true to his conviction in his determination to

manage money well for Platinum's investors and clients. The excellent returns generated by Kerr, Andrew and the broader Platinum team since 1994 through the various market cycles are a testament to the integrity and robustness of Platinum's investment process.

The interests of our shareholders continue to be well served by the new Managing Director, Andrew Clifford and the broader Platinum investment and operational teams.

Finally, I would like to thank my fellow Non-Executive Directors, for their assistance over the period.

Michael Cole
Chairman
15 November 2018