Chairman's address to the AGM on 5 November 2012

Listing Rule 3.13.3

Introduction

I will discuss the Company's Performance, Dividends, Corporate Governance issues and the Outlook for 2012-2013.

Performance

The Company's profit performance for the financial year was disappointing and this was primarily due to the weak state of global share markets.

Net profit after tax was $126.4 million (2011: $150.1 million), a decrease of 15.8%. This translated to diluted earnings per share of 22.51 cents compared to 26.32 cents in 2011.

The decrease in profit can be primarily attributed to a decrease in fees of 15.2%. The decrease in profits was largely driven by a decline in Funds Under Management ("FUM") of the Platinum Trust Funds.

Expenses incurred by Platinum continued to be closely monitored and decreased by 7%.

Funds under Management ("FUM")

The opening FUM for the year was $17.8 billion and this decreased to $14.9 billion at 30 June 2012. This represents a decrease of 16.5% year on year.

The major contributor to the decrease in the closing FUM over the period was a decline in capital flows of $1.8 billion together with a decline in investment performance of approximately $1.1 billion.

Whilst the investment performance was disappointing over the past year, clients' long-term investment returns and performance remain strong.

Dividends

A fully franked dividend of 13 cents per share was paid on 21 September 2012. The dividend payout is broadly in line with the Dividend Policy (of paying out 80-90% of net profit after tax) and consistent with our working capital needs.

A fully franked dividend of 8 cents per share was paid on 12 March 2012.

The Directors are confident that future dividends will be fully franked.

Whilst the Company has a Dividend Reinvestment Plan in place, it has not been activated nor is it likely to be activated in the near term.

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Platinum Asset Management Limited ABN 13 050 064 287

Remuneration matters

Despite the low “no” vote of less than 5% of total votes cast against the 2011 Remuneration Report at the 2011 AGM, the Company has taken the opportunity to better explain the basis and structure of remuneration paid to its Key Management Personnel (“KMP”).

The Remuneration Report is presented on pages 17 to 27 of the 2012 Annual Report and I encourage all shareholders to read the report.

Key remuneration outcomes during the year were:

1) there has been no increase in base salary paid to any of the KMP;
2) only two out of the six KMP received a bonus in 2012;
3) there were no options granted or exercised during the year; and
4) The Managing Director waived his right to receive a bonus in 2012 and this has been ratified by the Remuneration Committee.

The Board and its Committees

The Board has consistently placed great importance on the corporate governance of the Company. Both the Remuneration and Audit Committees had productive years dealing with a number of issues that were reported to the Board and had an impact upon the Company’s performance and compliance obligations.

Environment

Your Company remains carbon neutral, having purchased carbon credits to offset its carbon emissions.

Outlook 2012-2013

The profit before tax for the quarter ended 30 September 2012 was $42.5 million, 16% lower than the previous comparable period’s $50.5 million. The major contributor to this decline was lower management fees earned from an average FUM of $14.8 billion, some 12% below the previous corresponding period.

FUM at 30 September 2012 was $15.2 billion compared to $14.9 billion at 30 June 2012. This pleasing result was driven by performance in the form of positive aggregate investment returns for the three months to 30 September 2012, which more than offset the net investment fund outflows.

The September quarter 2012 profit numbers do not include any estimate of performance fees. Accordingly, the annual profit result should not be projected on the basis of the first quarter’s performance. Whilst the performance fee for the current half year cannot be finalised until calendar year end, as of today the estimated performance entitlement is negligible.

The Company has recently signed on a global equity performance fee mandate from a substantial Australian superannuation provider with a capital injection of approximately $700 million.

Conclusion

In last year's Chairman's Report, I noted that "the current extreme volatility in global investment markets and the competitive landscape makes it difficult to forecast what will happen to investment fees and profits in the next year." This continues to be the case.

On a positive note, the dual head winds that have recently limited the attractiveness of equity investments, for Australian investors in general and global shares in particular, appear to be dissipating.

Firstly, high nominal and real interest rates on low risk domestic fixed interest investments, particularly bank deposits, have continued to decline as the RBA moves to a more accommodating monetary policy stance. As a result the risk/return profile has tilted in favour of equities as an investment class.

Secondly, it is anticipated there will be deterioration in Australia's terms of trade following the peak of the commodity cycle. Any resulting weakness in the $A will assist the investment performance of global equity investments.

Significant progress has been made strengthening the investment team to ensure that the outstanding longer term Platinum investment performance remains intact. The interests of our shareholders continue to be best served by our investment team, led by Kerr Neilson and Andrew Clifford, maintaining a sharp focus on delivering the best performance outcomes for our investors. In this endeavour they have been well supported by all Platinum staff.

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

Michael Cole
Chairman
5 November 2012

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