

## **Chairman's address to the AGM on 3 November 2011**

### **Listing Rule 3.13.3**

#### **Introduction**

I will discuss the Company's Performance, Dividends, important Corporate Governance issues and the Outlook for 2011-2012.

#### **Performance**

Against the back-drop of a challenging global economy and volatile investment markets, the Company's profit performance for the financial year was a pleasing result.

Net profit after tax profit for the 12 months to 30 June 2011 was \$150.1 million (2010: \$136.9 million), an increase of 9.6%.

The lift in profit can be primarily attributed to an increase in management fees of 9%. The increase in profits was largely driven by the average daily Funds Under Management ("FUM") of the Platinum Trust Funds, which were up 10%.

Expenses incurred by Platinum continued to be closely monitored and increased by less than 2%.

Diluted earnings per share increased 12.8% to 26.32 cents compared to 23.33 cents in 2010.

#### **Funds under Management ("FUM")**

The opening FUM for the 2011 financial year was \$18.4 billion and rose to a high of \$18.9 billion in January 2011 before falling to \$17.8 billion at 30 June 2011. The FUM growth remained volatile throughout the year.

The major contributor to the decrease in the closing FUM over the period was a decline in investment performance of approximately \$1.1 billion notwithstanding positive net inflows of \$0.7 billion less income distributions to investors of \$0.2 billion. The high Australian dollar, which appreciated by 27% over the course of the year, adversely impacted the FUM levels and investment returns.

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 15 cents per share was paid on 22 September 2011. 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 10 cents per share was paid on 15 March 2011.

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

Whilst the Company has a Dividend Reinvestment Plan in place, it is has not been activated or likely to be activated in the near term.

## **The Board and its Committees**

Both the Remuneration and Audit Committees had a productive year dealing with a number of material issues that impact the Company's performance.

Malcolm Halstead retired as Finance Director and Company Secretary during the year and was replaced by Philip Howard. Malcolm had held these positions since the Company's listing in 2007 and was a key member of the initial management team that established Platinum.

On behalf of the Board and our shareholders, we would like to thank Malcolm for his outstanding service. His contribution to the Company's development is immeasurable and we are fortunate that he has chosen to continue to contribute to the Company as a consultant.

## **Environment**

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

## **Outlook 2011-2012**

The profit before tax for the quarter ended 30<sup>th</sup> September was \$50.5 million, 5% lower than the previous comparable period's \$53.4 million. The major contributor to this decline was lower management fees earned from an average FUM of \$17 billion, some 6% below the previous corresponding period.

FUM at 30<sup>th</sup> September, 2011 was \$16.4 billion compared to \$17.8 billion at 30<sup>th</sup> June, 2011. The reduction was in part caused by a negative net investment fund inflow that had emerged in the June quarter, 2011 and continued into the September quarter, 2011 but at an accelerated pace. In addition, the difficult investment markets in the September quarter resulted in negative investment performance by all Platinum Funds in the period.

The September quarter 2011 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. Further, it can be noted the half year net profit result to 31<sup>st</sup> December, 2010 included a \$5.3 million performance fee from the Bermudan based Funds. 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 current extreme volatility in global investment markets and the competitive investment landscape from capital stable domestic fixed interest investments with attractive real rates of return makes it difficult to forecast what will happen to FUM levels, investment fees and net profits in the next year.

## **Conclusion**

The Board's highest priority has been to ensure that the focus of the investment management team continues to be on client returns.

The short-term investment returns have been disappointing. 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  
3 November 2011