

Platinum Asset Management Limited

Kerr Neilson, Managing Director

Analyst Briefing

26 August 2016

June 2016 Year: Highlights

- Full year Jun-16 net flows were -\$1.4B. Outflows concentrated in one institutional termination and one client rebalancing their portfolio. Excluding these outflows and the PAIL IPO (+\$0.3b), net flows were otherwise flat year-on-year.
- New Listed Investment Company, PAI, debuted in September.
- New Irish UCITS fund range, Platinum World Portfolios, was seeded in November - FuM US\$25m over three funds (World, Asia, Japan).
- Average FuM and Fee Revenues were down 1% for the year, with a strong first half being offset by subsequent China volatility and Brexit.
- Profit After Tax of \$200.9m was down 6% on Jun-15 due to lower FX gains, higher staff costs and increased business development spend. Margin remains attractive at 82%.
- Final dividend of 16 cps.

Investment Performance

(to 30 Jun 2016)

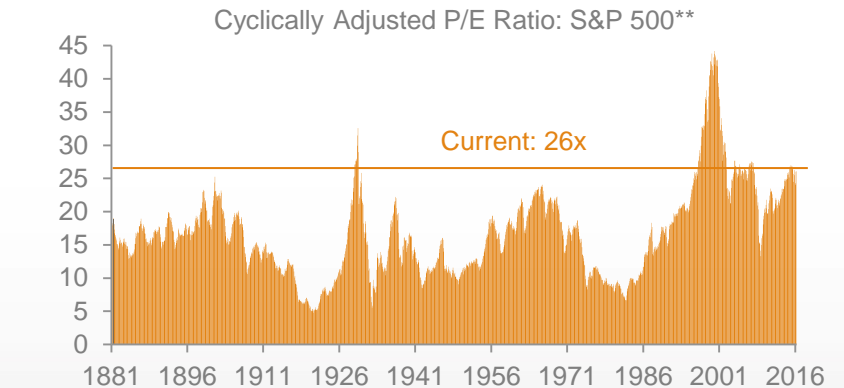
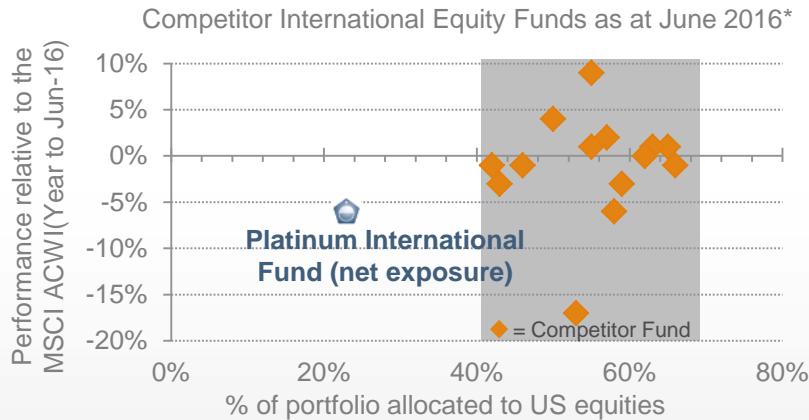
Long-term performance remains compelling. Our contrarian approach has detracted from the short-term performance of the 3 largest flagship funds during recent market volatility.

Performance of major Platinum Funds (Jun-16)	1 year	5 year	10 year	Since Inception	FuM (A\$b)
International Fund					10.0
- Absolute Return	-6.3%	11.2%	6.4%	12.3%	
- Relative Return	-5.7%	-2.1%	+2.2%	+6.2%	
Asia Fund					4.3
- Absolute Return	-10.3%	10.4%	8.8%	14.7%	
- Relative Return	-1.1%	+2.8%	+3.2%	+5.3%	
International Brands Fund					0.9
- Absolute Return	-4.9%	9.4%	8.3%	12.0%	
- Relative Return	-4.3%	-3.9%	+4.1%	+5.9%	
Japan Fund					0.6
- Absolute Return	-4.0%	19.1%	7.3%	14.5%	
- Relative Return	+2.0%	+7.0%	+7.1%	+12.8%	
European Fund					0.4
- Absolute Return	-6.5%	10.4%	6.7%	11.1%	
- Relative Return	+1.9%	+2.4%	+5.5%	+9.2%	
Health Care Fund					0.2
- Absolute Return	-1.5%	17.5%	9.5%	8.8%	
- Relative Return	+0.1%	-4.9%	+0.6%	-0.1%	
Subtotal (A\$b)					16.4
% of Total FuM					72%

Investment Performance: Portfolio positioning

A highly differentiated portfolio...

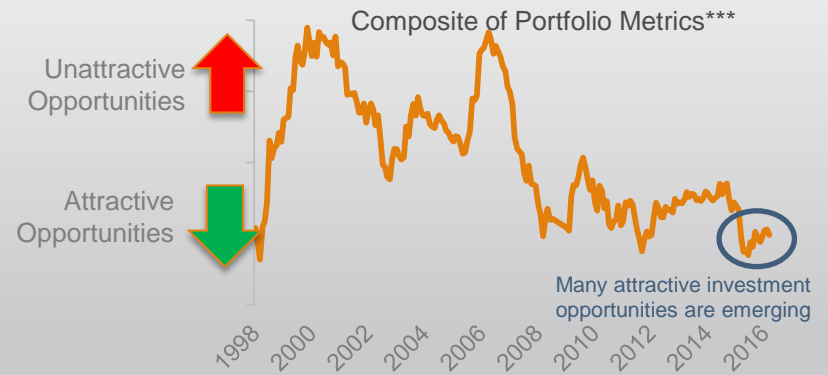
...reflects low potential of the US market.



The rest of the world now looks relatively cheap...



...which creates attractive buying opportunities.



* Source: Platinum. Competitor data obtained from Fund or Platform websites. Funds selected are Australian registered International equities funds with FuM >\$300mn and a long international equities bias.

** Source: Yale, Schiller

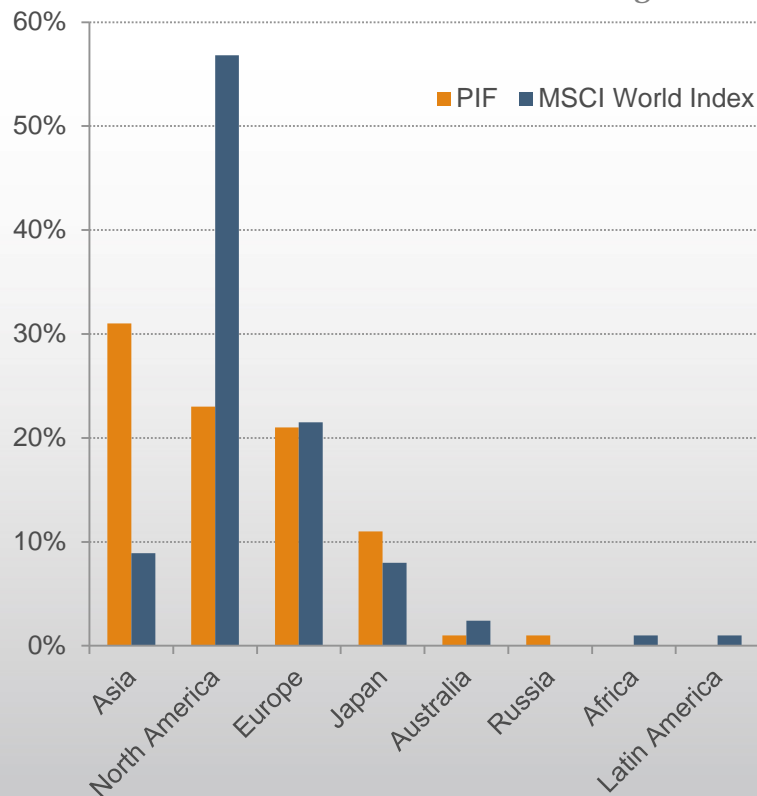
*** Composite of Portfolio Metrics; Includes Profitability (RoC), Value (EV/CE, P/e, EBITDA/EV, Yield), Growth (sale, earnings, BV /share) and Leverage (Debt/Book). Source: Platinum

PIF vs MSCI World Index – regional and sector breakdown

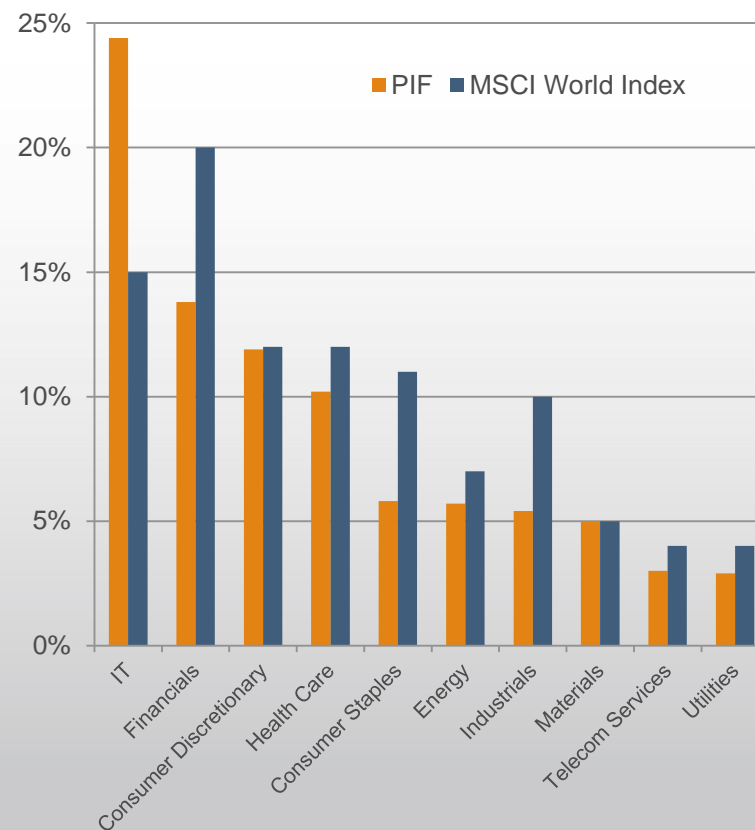
(as at 30 June 2016)

A highly differentiated portfolio...

PIF vs MSCI World Index – via Region



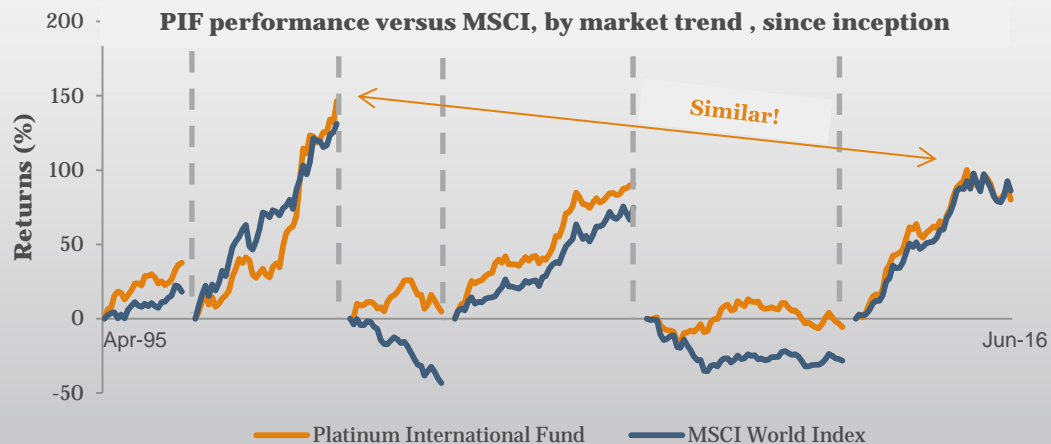
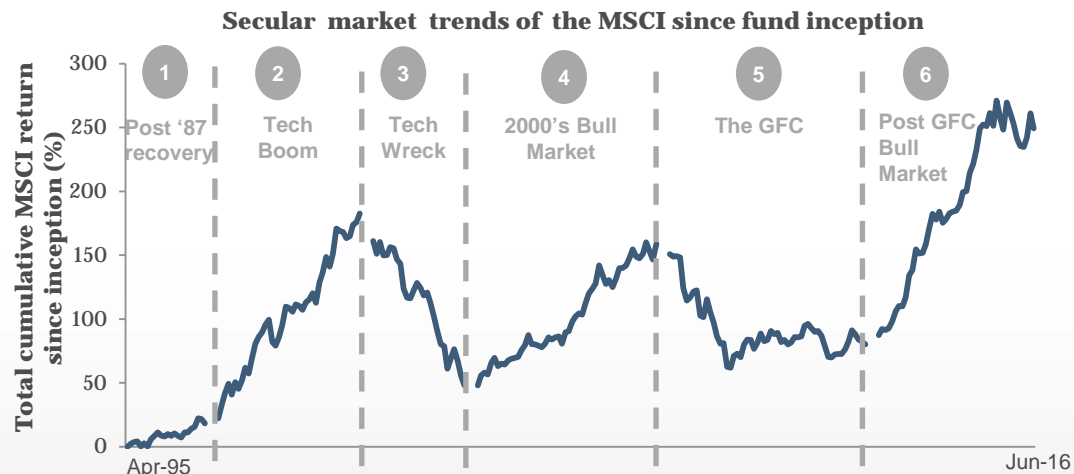
PIF vs MSCI World Index – via Sector



Investment Performance. Bull and bear market view

PIF's long term performance has remained strong through various bull and bear markets.

Performance during the most recent bull market has been generally in line with the market. This outcome is strikingly similar to the performance prior to the tech wreck and, to a lesser extent, pre-GFC.

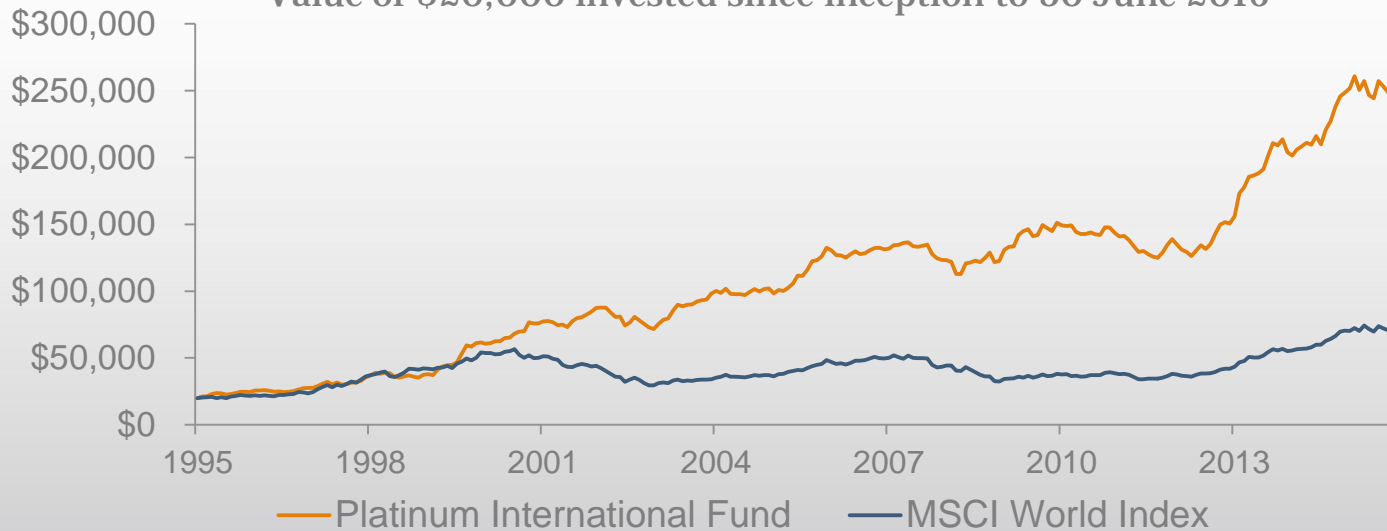


A history of building strong accumulated performance...

(% compound pa, to 30 June 2016)

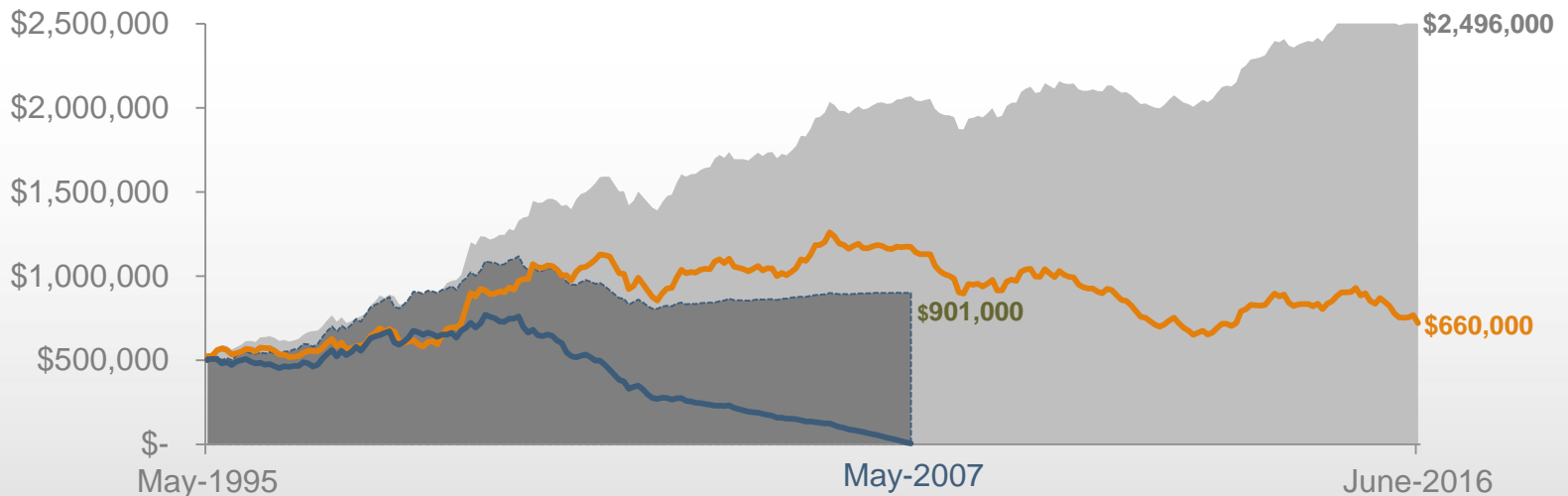
	<u>3 mths</u>	<u>1 yr</u>	<u>3 yrs</u>	<u>5 yrs</u>	<u>10 yrs</u>	<u>Since Inception</u>
International Fund	(0.4)	(6.3)	9.7	11.2	6.4	12.3
<i>MSCI All Country World Net Index</i>	4.3	(0.6)	13.6	13.3	4.2	6.1

Value of \$20,000 invested since inception to 30 June 2016



...which has proved especially attractive for retirees

Value of \$500,000 invested since inception (in May 1995) and subsequently drawdown at a rate of \$5,000 per month¹



- Cumulative Drawdown (@\$5k per month), plus Fund balance
- Cumulative Drawdown (@\$5k per month) of MSCI World Index
- Platinum International Fund balance
- MSCI World Index balance

¹ Assuming a drawdown rate of \$5,000 per month, growing at 3% per annum

Progress being made across key initiatives

1. Building the local brand with an adviser and direct-to-consumer focus

Segmentation – controllers 20%; information seekers 40%; little or no interest 40%

- 35K PT Fund reports & 20K listed investment company reports sent to investors & advisers each quarter
- expanding *The Journal* section of our website
- national adviser and investor road shows
- regular meetings with advisers, presentations to their clients, analyst involvement
- marketing strategies continue
- continued enhancements to the functionality of our website

2. Expanding our SMSF-focused, listed product range

- LIC, Platinum Asia Investments Limited (PAI) launched September 2015, raised A\$286m net

3. Extending our brand into offshore markets

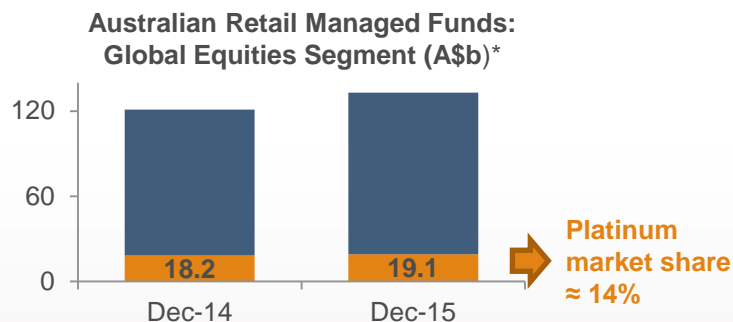
- 3 European UCIT's Funds launched in Ireland November 2015, seed funding US\$25m

4. Professional investor development continuing – but long lead times

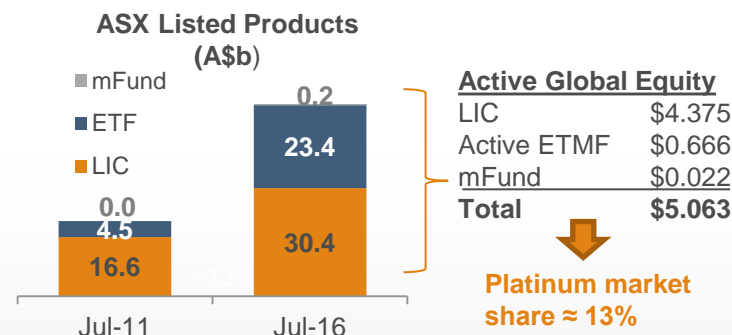
5. Investing in talent – new members joining investment specialists

Strategic position remains compelling

A strong position in Australian retail funds...



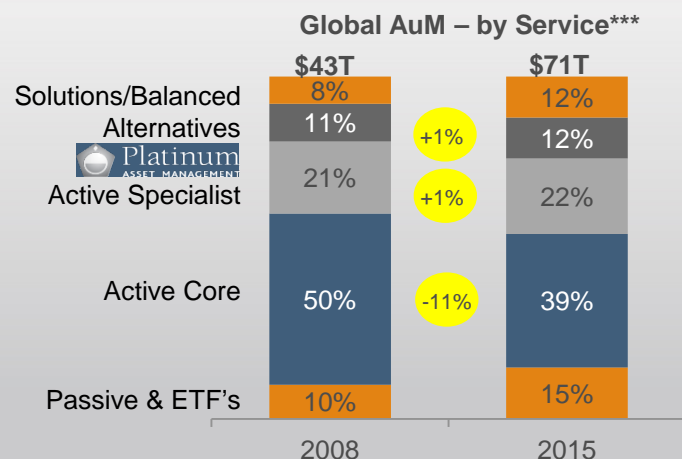
...and the new direct retail listed channel.



Offshore opportunities are highly prospective...



...with our services well positioned in growing market segments.



* Source : Platinum

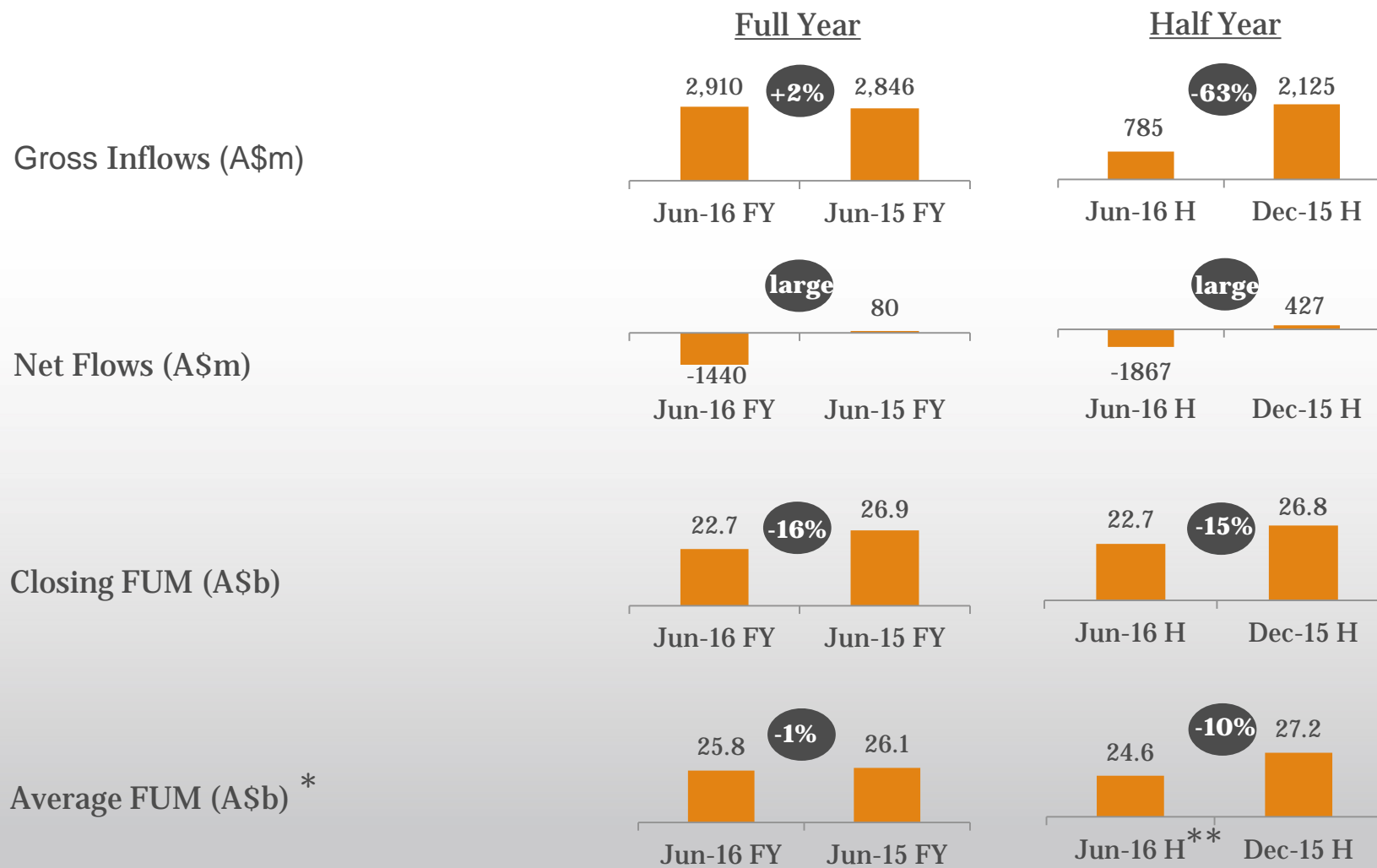
** Source: Rainmaker Superannuation Revenue Report –Sept 2015, Platinum

*** Source: BCG Global Asset Management Strategic Insight, State of the Global Fund Industry 2016, Platinum
 "Active Specialities" includes equity specialists (incl. global, emerging market) and fixed income specialists.

Outlook

1. Small teams improved orientation; specialist approach generating large idea base.
2. Competitive debasement of currencies – reduces attraction of holding cash.
3. Currency volatility but greater awareness of foreign equity markets.
4. Remain index agnostic in a world of shifting goal posts.

Flows & Funds Under Management: June 2016



* Monthly average for the 12 month period

** Monthly average for the 6 month period, excluding annual distributions of \$0.9b.

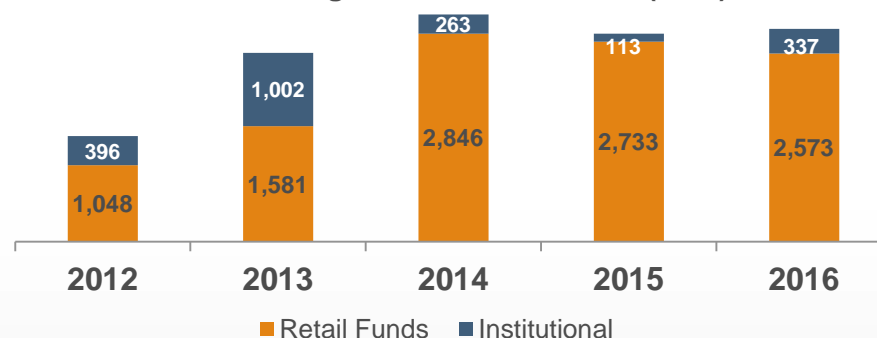
Source: Platinum

Flows: June-16

Gross Flows

- Gross flows for 2016 were up slightly on 2015 but growth was concentrated in the first 6 months. Retail investment slowed sharply in the wake of market volatility caused by China (Jan) and Brexit (June).
- Retail flows were led by flagship funds and the PAIL IPO (+\$286m)
- PT Fund clients are at 45k
- Institutional flows continue to be lumpy and episodic in nature

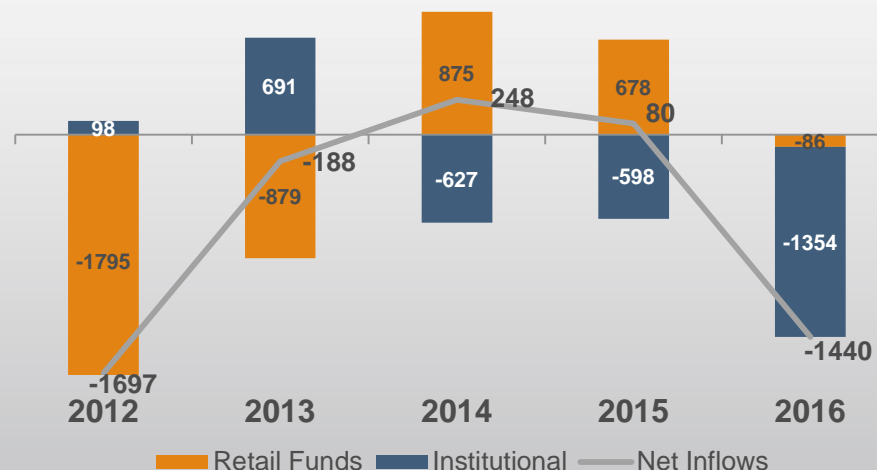
Annual gross flows 2012-2016 (A\$m)



Net Flows

- Retail net flows were negative in the second half, keeping full year flows flat at -\$86m.
- PT Fund net outflows were highly concentrated, with one large client rebalancing their portfolio and generating net outflows of \$375m for the year.
- Institutional net outflows were also extremely concentrated, with one large overseas client termination (\$1,447m).

Annual net flows 2012-2016 (A\$m)



Notes: "Retail Funds" includes Platinum Trust Funds, Platinum Global Mfund, PAI LIC, PMC LIC, MLC Platinum Global Fund. "Institutional" includes performance fee clients within retail funds, mandates and US\$ products.

(Year to June, unless otherwise stated)

Source: Platinum

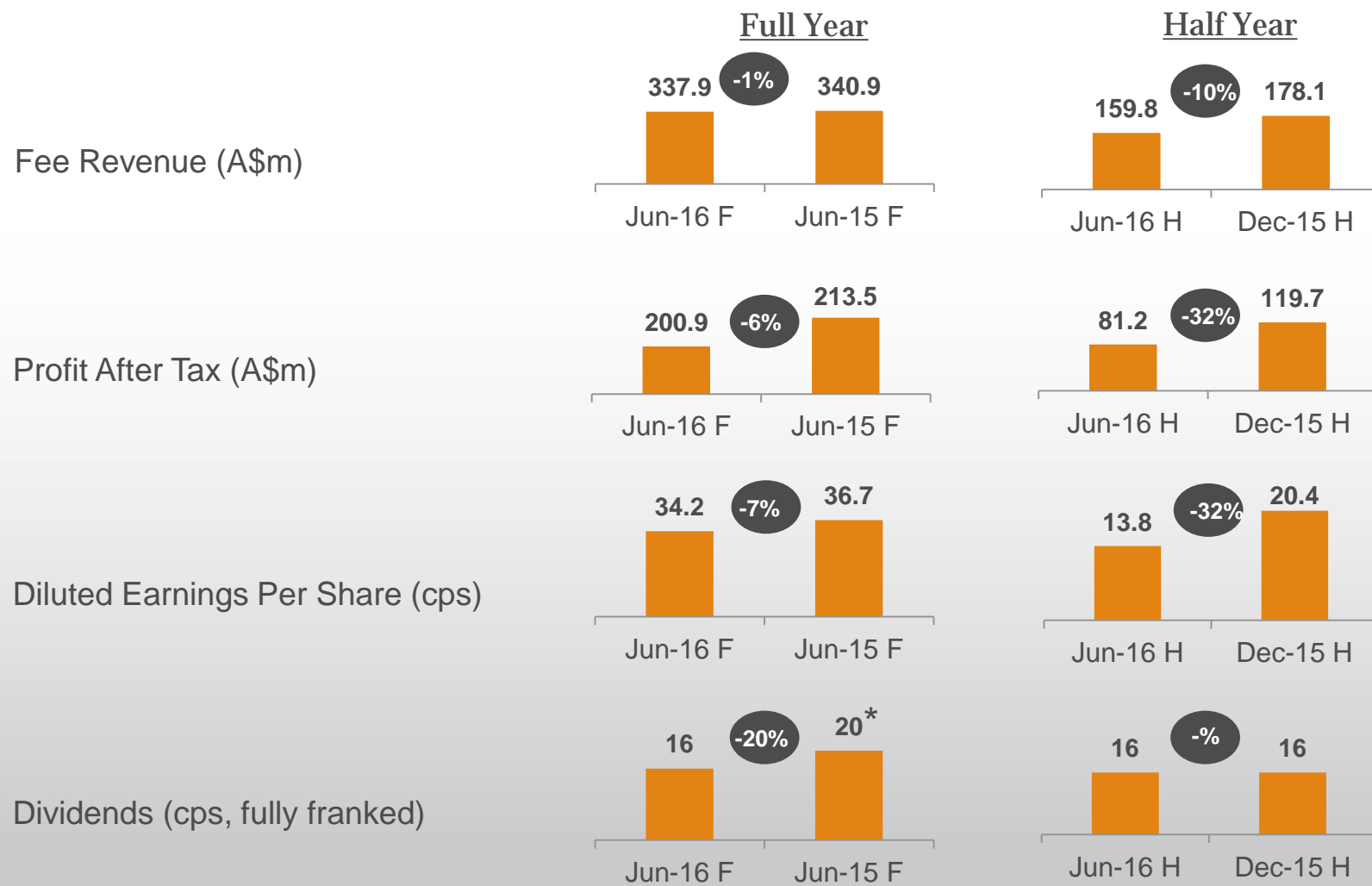
Funds Under Management

(\$mn, 12 months to 30 Jun 2016)

FUNDS	OPENING BALANCE (1 JUL 2015)	NET FLOWS	DISTRIBUTIONS	INVESTMENT PERFORMANCE	CLOSING BALANCE (30 JUN 2016)	% OF TOTAL
<u>Retail Funds</u>						
Platinum Trust Funds and Platinum Global Fund	19,117	(190)	(907)	(1,481)	16,539	73%
Platinum Listed Investment Company's – PMC and PAI	398	249		(31)	616	3%
MLC Platinum Global Fund	1,113	(145)		(50)	918	4%
<u>Institutional Funds</u>						
Management Fee Mandates	1,977	(37)		(91)	1,849	8%
'Relative' Performance Mandates ¹	3,545	(1,195)		(132)	2,218	10%
'Absolute' Performance Mandates	709	(122)		(39)	548	2%
TOTAL	26,859	(1,440)	(907)	(1,824)	22,688	100%

¹ Performance fee calculated to 30 June – all global mandates. The FUM consists of PT Funds (mostly institutional) performance fee clients - \$262mn and super mandates \$1.956bn.

Operating Results: June 2016



Segment Analysis

(as at 30 June 2016)

FUNDS MANAGEMENT	JUN-16 (\$MN)	JUN-15 (\$MN)	% VAR
Fee Revenue	337.9	340.9	(1%)
Other Revenue	0.4	0.4	-
Total Revenue	338.3	341.3	(1%)
Expenses	(61.7)	(58.8)	(5%)
Profit Before Tax	276.6	282.5	(2%)
Income Tax Expense	(80.7)	(82.3)	(2%)
Non controlling interest	-	-	-
Profit After Tax	195.9	200.2	(2%)
Average FuM	25,821	26,141	(1%)

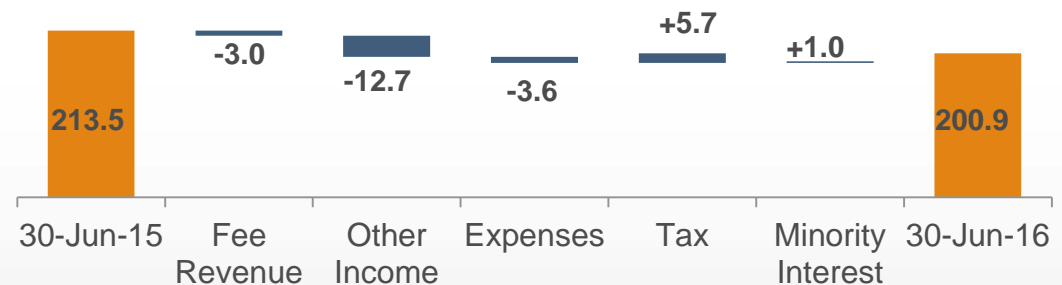
INVESTMENTS AND OTHER	JUN-16 (\$MN)	JUN-15 (\$MN)	% VAR
Fee Revenue	-	-	-
Other Revenue	6.4	19.1	(67%)
Total Revenue	6.4	19.1	(67%)
Expenses	(0.8)	(0.1)	(large)
Profit Before Tax	5.6	19.0	(70%)
Income Tax Expense	(1.6)	(5.7)	(71%)
Non controlling interest	1.0	-	(large)
Profit After Tax	5.0	13.3	(62%)
Net Assets	348.9	321.1	9%

- Funds Management revenue was down 1% year-on-year, in line with average Funds Under Management. Profits were down 2% due to a 5% uptick in expenses.
- Profits from investments and other income were down 62% on prior year, almost entirely due to lower currency gains on US\$ denominated cash

Contributors to Profit After Tax

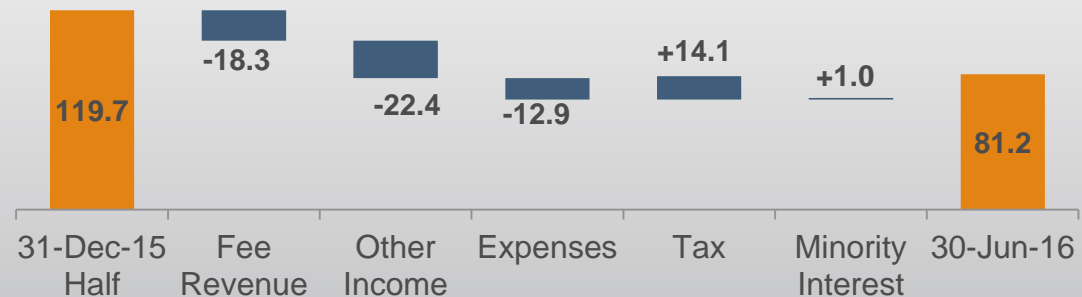
Jun-16 FY v Jun-15 FY

Other income down largely because of lower gains on foreign exchange.



Jun-16H v Dec-15 H

Fees are down due to lower average FuM in Jun-16H. Other income is down largely due to FX. Expense variance is predominantly due to bonuses being paid during Jun-16H.



Revenue Analysis

(as at 30 June 2016)

	JUN-16 (\$MN)	JUN-15 (\$MN)	\$ VAR.	COMMENT
Management and admin fees	335.3	338.6	(3.3)	Fall is in-line with decrease in average FUM.
Performance fees	2.6	2.3	0.3	
Sub-Total: Fee Revenue	337.9	340.9	(3.0)	
Interest income	4.1	7.1	(3.0)	Lower interest rates and reduced cash balance (\$85.2M used to seed PAIL and UCITs).
Loss on PAIL	(1.5)	-	(1.5)	\$800K gain on options set off against \$2.3M equity accounted loss.
Gain/(loss) on UCIT's	(0.9)	0.2	(1.1)	Unrealised mark-to-market loss.
FX gains	5.1	16.0	(10.9)	USD gains lower (AUD dropped 3% against the USD versus in 2016 v's 18% in 2015). Foreign cash balance also reduced by UCIT seeding.
Loss on JGB futures	-	(3.8)	3.8	Investment disposed during 2015.
Sub-Total: Other Income	6.8	19.5	(12.7)	
Total Revenue	344.7	360.4	(15.7)	

Expense Analysis

(as at 30 June 2016)

	JUN-16 (\$MN)	JUN-15 (\$MN)	\$ VAR.	COMMENT
Staff costs, incl. share based payments (1)	31.0	27.9	3.1	Higher incentive compensation and incumbent salary increases.
Custody, administration, trustee and unit registry costs	14.2	16.3	(2.1)	Reduced custody and unit registry rates.
Business development costs	5.8	4.8	1.0	Increase in activity related to investor forums and adviser presentations.
Research	2.1	1.9	0.2	Increase due to higher USD denominated data provider costs.
Other costs	9.4	7.9	1.5	Mostly extra costs associated with establishing PAI and UCIT's funds
Total Expenses	62.5	58.8	3.7	

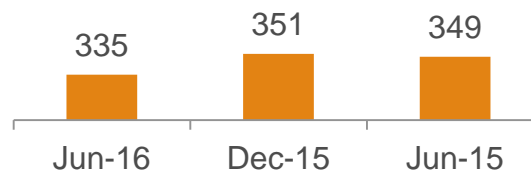
(1) Accounting for New Deferred Bonus Plan

- \$3.65m awarded in the current year, with the related expense totalling \$635k
- 4 year vesting period plus award year = 5 year amortisation period
- Expense is adjusted for an estimate of likely future experience
- Award is fully hedged via an Employee Share trust. No future P&L impact of any gains/losses caused by share price variation

Strong Balance Sheet

(as at 30 June 2016)

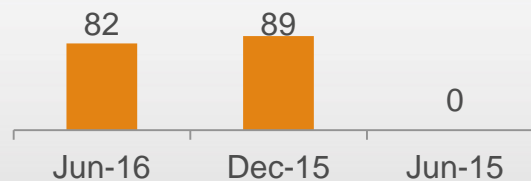
Net Assets attributable to shareholders (A\$m)



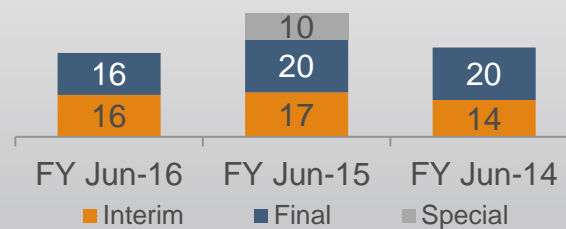
Cash & Term Deposits* (A\$m)



Seed Investments** (A\$m)



Dividends (cps)



* Jun-16 is stated after the deduction of \$15.8m related to UCIT fund cash balances

** Refers to PTM's investment in PAI \$48m, PAI options \$1m, and UCIT's \$33m

Source: Platinum

Disclaimer

Platinum Asset Management Limited ABN 13 050 064 287 has prepared this presentation material.

Performance results shown have been calculated using the Platinum International Fund's unit price and represent the combined income and capital return for the specified period. They are net of fees and costs (excluding the buy-sell spread and any investment performance fee payable), pre-tax, and assume the reinvestment of distributions.

MSCI data has been sourced through MSCI Inc.

Appendix: Detailed Operating Results

(\$M)	JUN-16	JUN-15	% CHANGE	JUN-16 H	DEC-15 H	% CHANGE
Management and admin fees	335.3	338.6	(1%)	159.7	175.6	(9%)
Performance fees	2.6	2.3	13%	0.1	2.5	(96%)
Interest income	4.1	7.1	(42%)	1.9	2.2	(14%)
Net gains/(losses) on FX, FA & other income	2.7	12.4	(78%)	(9.7)	12.4	(178%)
Total revenue	344.7	360.4	(4%)	152.0	192.7	(21%)
Staff costs, incl. share based payments	31.0	27.9	11%	22.0	9.0	144%
Custody and unit registry costs	14.2	16.3	(13%)	6.8	7.4	(8%)
Business development costs	5.8	4.8	21%	2.8	3.0	(7%)
Research	2.1	1.9	11%	0.9	1.2	(3%)
Other costs	9.4	7.9	19%	5.2	4.2	24%
Total costs	62.5	58.8	6%	37.7	24.8	52%
Pre-tax profit	282.2	301.6	(6%)	114.3	167.9	(32%)
Income tax expense	82.3	88.1	(7%)	34.1	48.2	(29%)
Net profit after tax	199.9	213.5	(6%)	80.2	119.7	(33%)
Net profit after tax attributable to owners	200.9	213.5	(6%)	81.2	119.7	(32%)
Diluted EPS (c)	34.2	36.7	(7%)	13.8	20.4	(32%)
Average FUM (\$b)	25.8	26.1	(1%)	24.6	27.2	(10%)
Total no. of shares – issued (mn)	586.7	586.7	-	586.7	586.7	-