

Facts

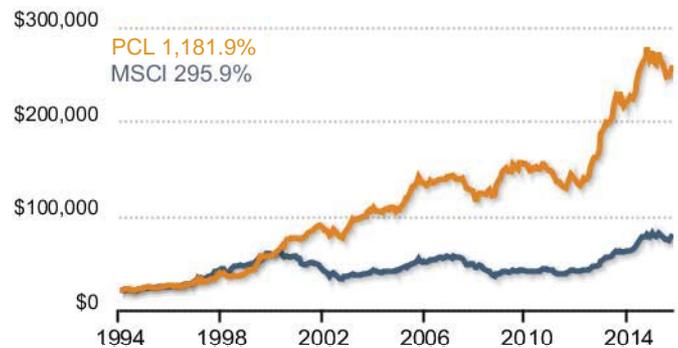
Portfolio value	\$358.52 mn	
Portfolio inception	29 June 1994	
Current share price	\$1.635	
Current dividend yield	5.50% fully franked	
Pre-tax NAV \$1.5180	NAV retained earnings	
Post-tax NAV \$1.5032	& dividend profit	20.88 cps
NAV franking 9.15 cps	Realised franking	7.67 cps

Fees

Management fee:	1.1% p.a. of the portfolio value
Performance fee:	15% of the amount by which the portfolio's annual performance exceeds the return achieved by the MSCI All Country World Net Index

Performance¹

	FUND %	MSCI %
1 month	3.00	5.48
3 months	5.06	7.60
6 months	(2.61)	0.03
Calendar year to date	(1.10)	2.28
1 year	(6.52)	(0.07)
2 years (compound pa)	7.91	13.00
3 years (compound pa)	11.13	15.50
5 years (compound pa)	11.66	13.61
7 years (compound pa)	9.45	11.10
10 years (compound pa)	6.75	4.73
Since inception (compound pa)	12.34	6.48

Performance graph²


Source: Factset and Platinum

Invested positions³

	LONG %	NET %	CURRENCY %
Australia	0.6	0.6	12.9
Brazil	0.0	0.0	0.1
Canada	0.8	0.8	0.8
China	3.1	3.1	(3.2)
China Ex PRC	13.5	13.5	
Hong Kong	1.2	1.2	12.2
France	5.4	5.4	
Germany	3.0	3.0	
India	5.6	5.6	5.8
Italy	5.3	5.3	
Japan	11.1	11.1	4.4
Korea	4.8	4.8	1.5
Malaysia	0.9	0.9	0.9
Nigeria	0.2	0.2	0.2
Norway	1.0	1.0	5.4
Peru	0.0	0.0	0.1
Russia	0.7	0.7	
Sweden	2.0	1.4	2.0
Switzerland	0.6	0.6	0.7
United Kingdom	6.0	6.0	4.3
United States	20.3	5.0	40.8
Vietnam	2.4	2.4	1.8
Zimbabwe	0.5	0.5	
	89.0	73.1	
China Renminbi Off Shore			(8.1)
Euro Currency			17.4
Cash & Accruals	11.0	26.9	
Total	100.0	100.0	100.0

Long - 95 stocks, 4 swaps, 1 bond Short - 6 stocks, 1 index

Top ten positions⁴

STOCK	COUNTRY	INDUSTRY	%
Samsung Electronics Co Ltd	Korea	Info Technology	3.3
Tencent Holdings Ltd	China Ex PRC	Info Technology	3.0
Alphabet Inc	USA	Info Technology	2.8
Eni SpA	Italy	Energy	2.4
Sanofi SA	France	Health Care	2.3
AstraZeneca PLC	UK	Health Care	2.2
Intesa Sanpaolo SpA	Italy	Financials	2.2
Inpex Corporation Ltd	Japan	Energy	2.2
Cisco Systems Inc	USA	Info Technology	2.0
Ericsson LM-B	Sweden	Info Technology	2.0

Industry breakdown³

SECTOR	LONG %	NET %
Info Technology	22.4	22.4
Cons Discretionary	13.6	12.0
Financials	10.9	10.9
Health Care	10.7	10.7
Consumer Staples	7.1	5.5
Energy	6.8	6.8
Industrials	5.5	5.0
Materials	5.5	5.5
Telecom Services	3.5	3.5
Utilities	2.4	2.4
Other*	0.7	(11.5)

* Includes index short position

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1. Performance results have been calculated using the pre-tax net asset value price (as released to the ASX) and represent the combined income and capital return of the investments for the specified period. Please note that the results are not calculated from the share price of PMC. You should also be aware that performance results are calculated using historic points of reference. PMC and its directors cannot guarantee that such results will be replicated in the future; therefore, this information should not be used to make future investment decisions.

2. The investment returns depicted in this graph are cumulative on A\$20,000 invested in PMC since inception relative to the MSCI All Country World Net Index in A\$ ("Index") (nb. the gross MSCI Index was used prior to 31 December 1998 as the net MSCI Index did not exist). Performance results have been calculated using the pre-tax net asset value as released to the ASX (monthly 'Net Asset Values') and represent the combined income and capital return of PMC's investments for the specified period. Please note that the results are not calculated from the share price of PMC. It should be noted that Platinum does not invest by reference to the weightings of the Index. Underlying assets are chosen through Platinum's individual stock selection process and as a result holdings will vary considerably from the make-up of the Index. The Index is provided as a reference only.

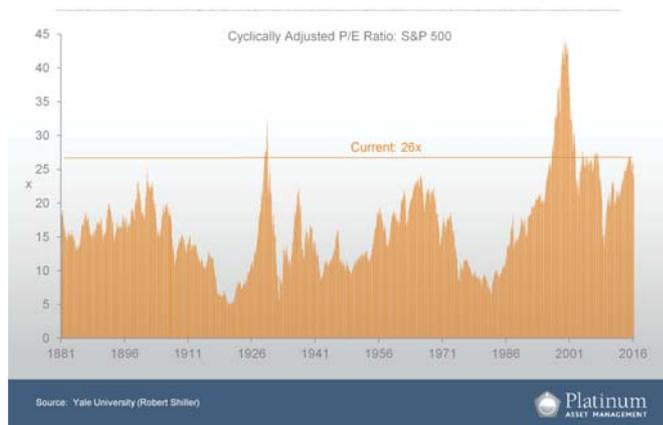
3. The "Long%" represents the exposure to physical holdings, corporate fixed income securities and long stock derivatives. The "Net %" represents the exposure of physical holdings and both long and short derivatives. The "Currency %" represents the currency exposure for PMC's Portfolio, taking into account currency hedging.

4. Top Ten positions shows PMC's top long share exposure positions. Long derivative exposures are included, however, short derivative exposures are not.

Platinum's approach



Current US valuations predict low future returns



Key Chinese Consumer-facing holdings



Platinum's current portfolio: key themes



Market update and Commentary

The Company has delivered a disappointing -6.5% over the last year while the market return, in A\$, aided by our weak local currency, has been zero.

The reason for this loss can primarily be attributed to asset allocation rather than stock selection. The US market which looms largest, at over 50% of the benchmark, but less than 20% of global economic activity, delivered 7% (1% in local) while the Rest of the World was down 6%. Our portfolio has been heavily skewed towards Asia, Europe and Japan, where we find assets more reasonably priced.

With this skew in weightings, our performance can be placed in context. While the China A-share market has fallen 37% in the last year, outside of our insurance stocks which were hit hard, our Chinese holdings were down around 11% on average. Exposure to Chinese domiciled companies cost the Company 3.1% over 12 months. We believe that our holdings in strong consumer-facing companies with strong balance sheets are well-placed within the context of a country going through tremendous change. We also note that those following markets professionally are aware of China's financial problems, and the questions are focused around how it unfolds and who will take the pain. Our assessment is that the strongest businesses will be able to grow over the medium term and are priced attractively. We cannot know the path of their share prices so are alert to the risks of a bumpy ride.

On the other hand, our lack of exposure to the US, outside of technology, and stock-specific ideas like Coke and McDonald's, is predicated on valuation. Using the cyclically adjusted P/E for this market, we note that it has only been more expensive on three occasions – 1929, which preceded an 85% market rout; from 1997 into the peak of the tech bubble, which saw a 40% fall; and in the lead up to the GFC, where the market fell 60%. It does not seem prudent to add to US market exposure at this time. We have a short on the broader market to provide some portfolio smoothing in the event of a market sell-off. Our shorting has made a positive contribution of 1% over the last 12 months.

When we look at the Company's valuation, the weighted median forward P/E is 14X. This compares with the US S&P500 Index on about 18X (higher if one uses GAAP accounting) and the structurally compromised Australian market on 17X. As price is the best predictor of future returns, we are comfortable with the portfolio's valuations. When we do a deeper analysis of the long portion of the portfolio, we own stocks that are of higher quality, faster growing and have less debt than the opportunity set, yet it is also cheaper. Relative to the global opportunity set it is as strong a portfolio as we have owned over the last 20 years (see the 31 March 2016 Quarterly Report for more detail) and we believe this bodes well, with some firepower (cash), protection (shorts) and currency management overlaid – the tools at our disposal will be critical in what we believe will be a low market return environment in the years ahead.

Our recent investor and adviser roadshow addressed this in much detail, and The Journal section of our website (www.platinum.com.au) has a lot of relevant content that provides the context.