

Facts

Portfolio value	\$363.47 mn		
Portfolio inception	29 June 1994		
Current share price	\$1.50		
Current dividend yield	4.67% fully franked		
Pre-tax NAV (ex div)	\$1.4989	NAV retained earnings &	
Post-tax NAV (ex div)	\$1.4782	dividend profit	18.40 cps
NAV franking	8.03 cps	Realised franking	7.67 cps

Performance¹

	FUND %	MSCI %
1 month	3.53	1.47
3 months	1.38	0.28
6 months	6.51	7.89
Calendar year to date	0.26	2.57
1 year	0.12	1.16
2 years (compound pa)	7.68	11.84
3 years (compound pa)	9.73	12.95
5 years (compound pa)	13.93	16.27
7 years (compound pa)	8.34	10.16
10 years (compound pa)	6.82	4.57
Since inception (compound pa)	12.26	6.42

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

Performance graph²


Source: Factset and Platinum

Invested positions³

	LONG %	NET %	CURRENCY %
Australia	0.9	0.9	19.5
Canada	0.8	0.8	1.0
China	3.2	3.2	(2.9)
China Ex PRC	16.3	16.3	
Hong Kong	1.1	1.1	12.5
France	5.4	5.4	
Germany	3.1	3.1	
India	5.3	5.3	5.5
Italy	5.6	5.6	
Japan	11.8	11.8	1.9
Korea	6.1	6.1	6.0
Malaysia	0.8	0.8	0.8
Nigeria	0.1	0.1	0.1
Norway	1.1	1.1	5.1
Russia	1.0	1.0	
Sweden	1.8	1.8	1.8
Switzerland	0.6	0.6	0.6
Thailand	0.4	0.4	0.3
United Kingdom	4.0	4.0	4.1
United States	20.2	3.8	32.5
Vietnam	2.9	2.9	3.0
Zimbabwe	0.4	0.4	
	93.1	76.7	
China Renminbi Off Shore			(7.6)
Euro Currency			15.8
Cash & Accruals	6.9	23.3	
Total	100.0	100.0	100.0

Long - 102 stocks, 3 swaps, 1 bond Short - 5 stocks, 1 option, 1 index

Top ten positions⁴

STOCK	COUNTRY	INDUSTRY	%
Samsung Electronics Co Ltd	Korea	Info Technology	4.4
Tencent Holdings Ltd	China Ex PRC	Info Technology	2.9
Alphabet Inc	USA	Info Technology	2.7
Eni SpA	Italy	Energy	2.3
Sanofi SA	France	Health Care	2.3
AstraZeneca PLC	UK	Health Care	2.3
Intesa Sanpaolo SpA	Italy	Financials	2.2
Vietnam Dairy Products JSC	Vietnam	Consumer Staples	2.2
Inpex Corporation Ltd	Japan	Energy	2.2
Sina Corp	China Ex PRC	Info Technology	2.2

Industry breakdown³

SECTOR	LONG %	NET %
Info Technology	24.2	24.2
Cons Discretionary	14.7	14.0
Financials	13.3	13.3
Health Care	10.1	10.1
Consumer Staples	6.7	4.5
Energy	6.5	6.5
Industrials	6.1	6.1
Materials	5.8	5.8
Telecom Services	3.0	3.0
Utilities	2.0	1.6
Other*	0.7	(12.4)

* Includes index short position

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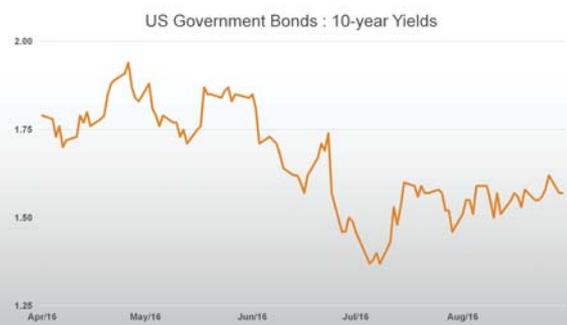
1. Performance results have been calculated using the pre-tax net asset value price (as released to the ASX) and represent the combined income and capital return of the investments for the specified period. Please note that the results are not calculated from the share price of PMC. You should also be 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.

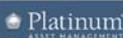
3. The "Long%" represents the exposure to physical holdings, corporate fixed income securities and long stock derivatives. The "Net %" represents the exposure of physical holdings and both long and short derivatives. The "Currency %" represents the currency exposure for PMC's Portfolio, taking into account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

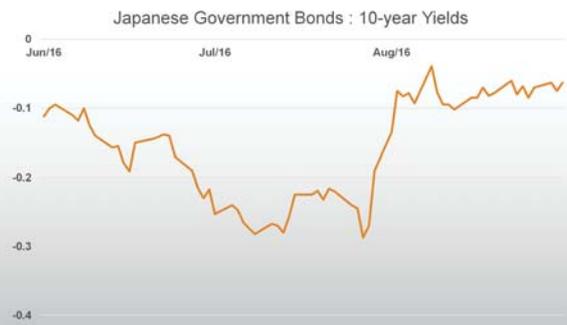
“Lower for Much Longer” Gained Support from Market



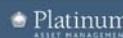
Source: FactSet, Platinum



Japan led the “backing away” from negative yields



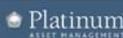
Source: FactSet, Platinum



S&P500 consumer staples : Zero growth “hiding place”



Source: FactSet, Platinum



Platinum’s current portfolio: key themes



Source: Platinum



Market update and Commentary

We are not short-term investors and tend not to pay much attention to short-term or relative performance, focusing instead on through cycle returns. Many expect us to keep up with strong US-led bull markets, though this is a challenge with around 75% market exposure mostly in the “Rest of the World”. Since the start of the current cycle in mid-2007, the Company has delivered more than twice market returns. Both Andrew Clifford in his global market update of 11 August (see The Journal section of our website) and Kerr Neilson (in the CEO report of PTM) go into this in more detail.

Though here we will focus on the near term for two reasons:

- Those who were alarmed by returns as at 30 June, in the immediate aftermath of Brexit, the Fund is up 6.6% since 30 June, against a market up 3.7%.
- We detect in the last two months, post Brexit, a change that may be significant in terms of a new phase in markets.

Firstly, the performance highlights. Over the last two months, the portfolio has been driven by its Asian investments, with Technology, Financials and Consumer Discretionary the strongest sectors. Over the last year, it has been China that has been the biggest contributor, with the technology sector, along with Samsung and Alphabet to the fore. Europe was disappointing.

Secondly, the shift. When we spoke in April/ May about rates being lower for much longer than the market expected, US 10-year bonds were 1.8-1.9%; by the end of June this view was becoming more common and rates had come in further getting as low as 1.3% (see chart above). In recent weeks they have backed up, notably in Japan, where ten years have gone from an improbable -0.3% closer to zero, with fiscal impetus and creeping on to the political agenda (see chart above).

Our overall hypothesis that rates are unlikely to go much higher is unchanged, but one of the pegs of this argument and its most vulnerable, was fiscal discipline. If it is determined by politicians and/or central bankers that the monetary experiment is not working we expect the market to back away from “bond-like equities” and move to “equity-like equities” embracing both low rates and fiscal spending. The days of hiding in Consumer Staples and the like (see chart above) may be over as their lack of growth and high prices is unappealing. Likewise the broader crowding in the expensive US market, the avoiding of Asia’s growth and Europe’s recovery, seems well over-played to us; the portfolio is positioned accordingly (see chart above).

We own a portfolio that has good growth prospects, higher quality businesses and cheaper valuations than the market (15.5X weighted median forward PE) with less leverage.