

Facts

Portfolio value	\$352.45 mn		
Portfolio inception	29 June 1994		
Current share price	\$1.54		
Current dividend yield	4.55% fully franked		
Pre-tax NAV	\$1.4858	NAV retained earnings &	17.67 cps
Post-tax NAV	\$1.4719	dividend profit reserve	
NAV franking	7.66 cps	Realised franking	6.26 cps

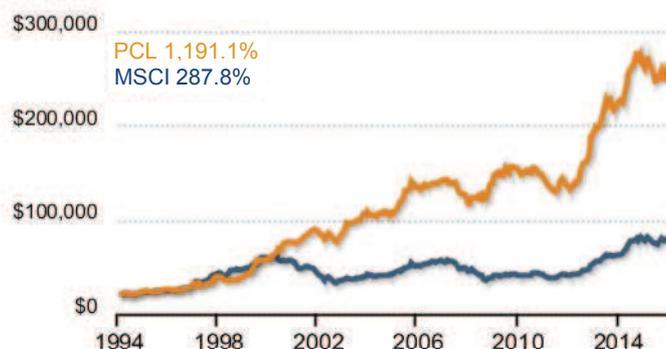
Performance¹

	FUND %	MSCI %
1 month	(0.04)	(1.14)
3 months	2.86	(0.88)
6 months	3.75	3.32
Calendar year to date	(0.39)	0.19
1 year	(4.07)	(4.32)
2 years (compound pa)	7.37	8.55
3 years (compound pa)	8.36	11.01
5 years (compound pa)	14.26	15.45
7 years (compound pa)	8.51	10.42
10 years (compound pa)	6.75	3.95
Since inception (compound pa)	12.13	6.26

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	17.2
Canada	0.1	0.1	0.1
China	3.6	3.6	(2.5)
China Ex PRC	16.6	16.6	
Hong Kong	1.1	1.1	12.6
France	5.9	5.9	
Germany	3.5	3.5	
India	5.7	5.7	5.9
Italy	5.6	5.6	
Japan	13.4	13.4	2.0
Korea	6.2	6.2	6.2
Malaysia	0.9	0.9	0.9
Nigeria	0.1	0.1	0.1
Norway	0.9	0.9	9.7
Russia	0.7	0.7	
Sweden	1.3	1.3	1.3
Switzerland	0.5	0.5	0.6
Thailand	0.6	0.6	0.7
United Kingdom	3.7	3.7	5.7
United States	22.1	3.6	28.7
Vietnam	2.8	2.8	2.8
Zimbabwe	0.6	0.6	
	97.2	78.7	
China Renminbi Off Shore			(7.6)
Euro Currency			15.7
Cash & Accruals	2.8	21.3	
Total	100.0	100.0	100.0

Long - 102 stocks, 3 swaps, 2 options, 1 bond Short - 4 stocks, 1 index

Top ten positions⁴

STOCK	COUNTRY	INDUSTRY	%
Samsung Electronics Co Ltd	Korea	Info Technology	4.4
Alphabet Inc	USA	Info Technology	2.9
Tencent Holdings Ltd	China Ex PRC	Info Technology	2.8
Impex Corporation Ltd	Japan	Energy	2.4
Sanofi SA	France	Health Care	2.4
Eni SpA	Italy	Energy	2.3
Intesa Sanpaolo SpA	Italy	Financials	2.2
Kering	France	Cons Discretionary	2.1
Paypal Holdings Inc	USA	Info Technology	2.1
Vietnam Dairy Products JSC	Vietnam	Consumer Staples	2.0

Industry breakdown³

SECTOR	LONG %	NET %
Info Technology	23.8	23.8
Cons Discretionary	15.9	15.1
Financials	13.7	13.7
Health Care	8.9	8.9
Consumer Staples	7.5	5.0
Energy	7.3	7.3
Industrials	7.0	7.0
Materials	6.7	6.7
Utilities	3.3	3.3
Telecom Services	2.3	2.3
Other*	0.8	(14.5)

* Includes index short position

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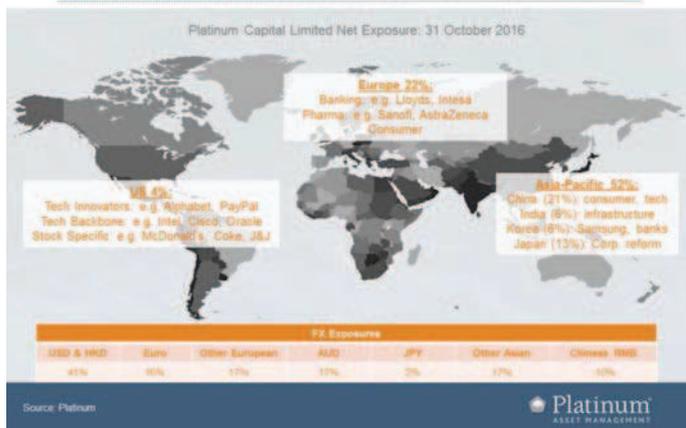
1. Performance results have been calculated using the pre-tax net asset value price (as released to the ASX) and represent the combined income and capital return of the investments for the specified period. Please note that the results are not calculated from the share price of PMC. You should also be 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 as a % of PMC's pre-tax net asset value. The "Net %" represents the exposure of physical holdings and both long and short derivatives as a % of PMC's pre-tax net asset value. The "Currency %" represents the currency exposure for PMC's Portfolio as a % of PMC's pre-tax net asset value, taking into account currency hedging.

4. Top Ten positions shows PMC's top long share exposure positions as a % of PMC's pre-tax net asset value. Long derivative exposures are included, however, short derivative exposures are not.

Platinum Capital Limited: key themes & exposures



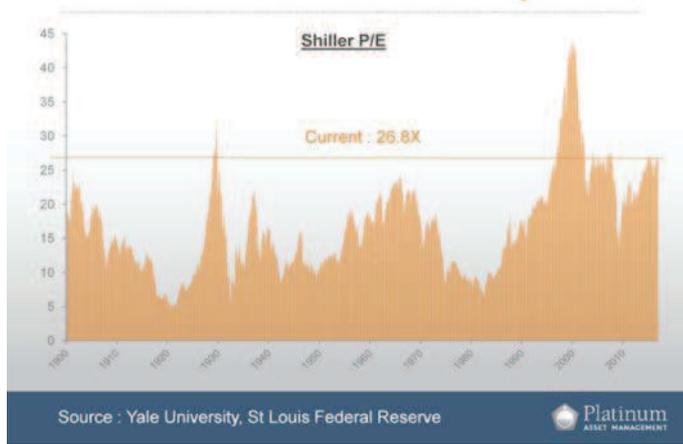
Global Indices Don't Reflect Modern World



Sector Rotation since June



US : Valuations : Not a Good Entry Point!



Market update and Commentary

The more things change, the more they stay the same. Yet, human beings have an intrinsic fear of change. Financial theory teaches us to seek higher returns (by paying lower prices) where there is uncertainty. However, in recent years the crowd has gorged on predictability, epitomised by the negative-yielding bonds and the bond-like equities (REITS, Utilities, Consumer Staples). We have often highlighted the risks in so-called "safe assets"; we may now have reached the turning point (see bottom left chart above). The hunt for safety to the exclusion of all else has been reminiscent of the tech-sector driven bifurcation in 2000.

Since 30 June, the Company has delivered 5.8% while the Index is up only 1.3%.*

The two key changes have been the re-acceleration of China and an inkling that fiscal spending may be the next tool as monetary policy reaches its limits, having favoured the wealthy over the populace. Our positioning is very deliberate, so the recent outperformance is encouraging, given these dynamics.

October was dominated by news revolving around the two least popular candidates in US political history slugging it out for the right to lead the world's second largest physical economy, which has revealed many cracks in ideology in the world's second largest democracy. We prefer to focus more attention on the largest economy, China, whose recovery is happening by stealth, but which is being felt across the region where half our portfolio sits. Recovery coupled with reform is a powerful cocktail, which is also transforming the world's largest democracy, India, with their introduction of a GST.

Today, the US holds 36% of the market value of listed companies. That market (see bottom right chart above) has rarely been more expensive, and yet we do not know of an established manager offering global products to Australians that is not overweight the US relative to the opportunity set as we calculate it. As Keynes said, it is better to fail conventionally than to succeed unconventionally. For your comfort, we only have a 4% net exposure in the US market today.

One can expect to hear the explanations down the track as to why almost all fund managers missed the opportunities in Asia, that because they weren't "in the benchmark". We have 52% of our portfolio in Asia-Pacific today – it is full of well-priced, growing companies.

Since 30 June, which is starting to look like a significant turning point in markets (though it is still early to make a definitive call), our Asia-Pacific stocks have contributed almost all of the Company's returns. When we look sector-wise, the Cyclical (as defined in bottom left chart above) and Technology have done all the work. Size-wise, half the returns are from companies with less than \$10 billion in market capitalisation.

On currency, while we now have 17% in Australian dollars, we added to Norwegian krone, which acts as a hedge to our own currency going higher as commodities recover with economic activity picking up in China. Our nation's leadership vacuum and the inevitable bust in Sydney, Melbourne and Brisbane's apartment markets make us cautious to add the local unit.

A US-driven bull-market can be hard in a relative sense for us, as our net invested position has been around 80% and the index over-emphasises US stocks. It is pleasing, therefore, to have not only delivered a very healthy 16.9% p.a., net of fees, for the last 4 years, but to also have beaten the world Index's return of 16.6% p.a. by about 0.4% p.a. With the changes described above, we look forward with a positive outlook.

* See note 1 on page 1. Source: Platinum and MSCI Inc.