

## Facts

Portfolio value	\$470.01 mn
Portfolio inception	29 June 1994
Current share price	\$1.765
Current dividend yield	4.53% fully franked
<b>Pre-tax NTA</b>	<b>\$1.6501</b>
Post-tax NTA	\$1.5799
Max. franked dividend	7.84 cps
	NTA retained earnings & dividend profit
	24.93 cps

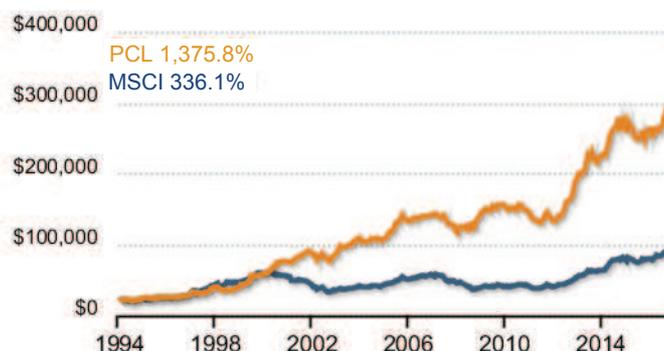
## Performance<sup>1</sup>

	FUND %	MSCI %
1 month	1.00	(1.24)
3 months	3.41	(1.13)
6 months	11.24	6.07
Calendar year to date	9.97	3.93
1 year	17.57	11.44
2 years (compound pa)	4.49	3.54
3 years (compound pa)	9.29	11.75
5 years (compound pa)	17.61	17.15
7 years (compound pa)	10.17	11.67
10 years (compound pa)	7.61	4.90
Since inception (compound pa)	12.37	6.59

## 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 graph<sup>2</sup>



## Invested positions<sup>3</sup>

	LONG %	NET %	CURRENCY %
Australia	1.1	1.1	2.0
Brazil	0.5	0.5	0.5
Canada	0.2	0.2	0.2
China	3.3	3.3	3.3
China Ex PRC	19.9	19.9	
Hong Kong	0.2	0.2	13.6
Denmark	0.9	0.9	0.9
France	4.3	4.3	
Germany	3.9	3.9	
India	5.0	5.0	5.2
Italy	2.8	2.8	
Japan	15.5	15.5	8.4
Korea	8.3	8.3	8.2
Malaysia	1.0	1.0	1.0
Nigeria	0.1	0.1	0.1
Norway	1.2	1.2	7.0
Russia	0.6	0.6	
South Africa	0.3	0.3	0.3
Sweden	0.3	0.3	0.3
Switzerland	2.4	2.4	0.9
United Kingdom	6.1	6.1	4.1
United States	12.9	1.9	26.2
Vietnam	2.3	2.3	2.3
Zimbabwe	0.9	0.9	0.3
	93.9	82.9	
Euro Currency			15.7
Cash	6.1	17.1	
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Long - 92 stocks, 2 swaps, 1 bond      Short - 7 stocks, 1 index

## Top ten positions<sup>4</sup>

STOCK	COUNTRY	INDUSTRY	%
Samsung Electronics Co Ltd	Korea	Info Technology	3.4
Alphabet Inc	USA	Info Technology	2.9
Royal Dutch Shell PLC	UK	Energy	2.5
Lixil Group Corporation	Japan	Industrials	2.5
Tencent Holdings Ltd	China Ex PRC	Info Technology	2.3
Kering	France	Cons Discretionary	2.2
Baidu com ADR	China Ex PRC	Info Technology	2.1
China Pacific Insurance Group	China Ex PRC	Financials	2.0
PICC Property & Casualty Co	China Ex PRC	Financials	2.0
Technip FMC	UK	Energy	2.0

## Industry breakdown<sup>3</sup>

SECTOR	LONG %	NET %
Info Technology	23.8	23.8
Cons Discretionary	13.8	13.4
Financials	12.2	12.2
Energy	8.7	8.7
Materials	8.5	8.5
Health Care	7.5	7.5
Industrials	7.5	7.5
Consumer Staples	5.0	3.0
Utilities	2.8	2.8
Real Estate	2.0	2.0
Telecom Services	1.3	1.3
Other*	0.7	(7.8)

\* Includes index short position

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1. Source: Platinum for fund returns and RIMES Technologies for MSCI returns. Performance results have been calculated using the pre-tax net tangible 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. The returns are calculated relative to the MSCI All Country World Net Index in A\$ (nb. the gross MSCI Index was used prior to 31 December 1998 as the net MSCI Index did not exist). 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. Source: Platinum for fund returns and RIMES Technologies for MSCI returns. 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 portfolio value as released to the ASX 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 percentage of PMC's portfolio value. The "Net %" represents the exposure of physical holdings and both long and short derivatives as a percentage of PMC's portfolio value. The "Currency %" represents the currency exposure for PMC's Portfolio as a percentage of PMC's portfolio value, taking into account currency hedging.

4. The "Top ten positions" show PMC's top long share exposure positions as a percentage of PMC's portfolio value. Long derivative exposures are included. However, short derivative exposures are not.

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It is pleasing to note for investors that the annualised return of 18%\* per annum that the portfolio has delivered over the last five years is the strongest annualised five year return since the five years to June 2004 and equates to a cumulative return of 125%\*. The last twelve months, have seen the portfolio return 18%\*, which sits well against the opportunity set rising by only 11%\*.

Markets seemed to change around the time of Brexit and since June 2016 there has been a big bifurcation between the positive outcome for cyclicals, led by Financials and Technology, and defensives, with Energy the worst performer of all. Over this period, country returns diverged less than this clear split, as defensives had become “bond proxies” and suffered relatively as bond markets peaked and investors became reassured by strong economic and corporate outcomes.

Since the beginning of 2017 and the fading of the post-Trump enthusiasm, there has been more of a divergence in country returns. China (+23%)\*, Korea (+21%)\* and India (+18%)\* are leading the way, while Japan (+2%)\* and the US (+1%)\* are the laggards. Technology has been strong and Energy equivalently weak. Aside from that, sector divergence has narrowed. It is no surprise then that the three biggest contributors to the portfolio’s returns over the last year have been Asian Technology companies – Samsung, Sina and Kering, with Korean bank, KB Financial also making an impact.

Looking around the world today, US corporate earnings season has seen companies overall in general good health but the US dollar has come under considerable pressure. Meanwhile in China, there is an increasing focus on reducing pollution and a rebuild has started in foreign reserves after a period of drawing down. Finally in Japan, Prime Minister Abe’s popularity is waning, while corporate profits and the job market are robust. While the company Amazon is doing a great job, we note that a lot of discussion in markets today revolves around their impact – such intense attention tends to lead to opportunities elsewhere.

The Company maintains a positive exposure to markets, with Asia-Pacific and Europe dominant in the portfolio. At a macro level, we have been expounding the view that the continued rebalancing in China towards consumption and the recovery in Europe, may lead to a change in global capital flows, which have favoured English-speaking deficit nations such as the US, UK and Australia. We note the recent strength in the Australian dollar as an opportunity for local clients to increase exposure to overseas assets but caution that the US market may not offer the diversification that people expect if European and Asian capital seeks more domestic opportunities. We continue to be concerned that passive investing is becoming increasingly popular as it reflects simply that a multi-year bull market makes historic returns look tantalising.

One of the latest hot investment concepts is that of passive investing, the appeal of which is simply that markets have been doing well and so temporarily it feels that the value add of active managers – stock selection and risk management – is diminished. At any point that investors have started to believe such rhetoric, they have generally been badly burned. This table shows that the returns we have delivered over the last year could not have been replicated passively.

Region	Company's (Net) Exposure %	Index Return %	*ETF Outcome%*	Company's Contribution %
Asia	36	16	5.8	11.4
Europe	23	13	3.0	3.8
Japan	14	7	1.0	2.6
North America	5	10	0.5	0.7
Cash/FX	20	1.5 (RBA)	0.3	0.5
<b>Net Return (12 months)</b>			<b>10.5</b>	<b>17.6</b>

^\*ETF Outcome%\* = Net Exposure% X Index Return%/100

Net Exposure represents the Company’s exposure as a % of NAV of physical holdings and both long and short derivatives as at 31.7.17

The index returns relate to MSCI AC Asia ex Japan, MSCI AC Europe, MSCI USA, MSCI Japan. Cash is RBA Cash Rate. ETF outcome is assumed to achieve index return.

The investment returns shown are historical and no warranty can be given for future performance. You should be aware that historical performance is not a reliable indicator of future performance.

## The real world

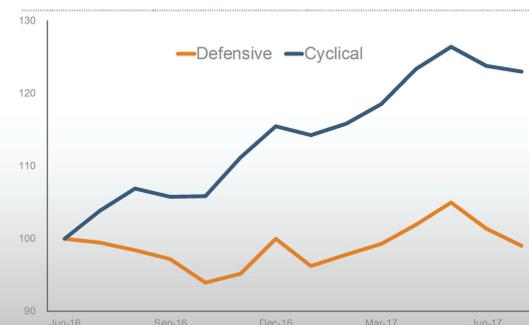


	China & India	European Union	USA
Population (m)	2748	508	324
Land Area (m sq km)	12.9	4.4	9.5
GDP PPP 2017 (\$ tn)	32.7	20.9	19.4
MSCI AC World	4.4%	18.5%	52.1%
Platinum Capital Ltd (net exposure)	28.2%	19.4%	2%

Source: UN, IMF, RIMES Technologies Ltd (31.07.17), Platinum Investment Management Ltd (31.07.17). Net Exposure represents the Company’s exposure as a % of the portfolio’s physical holdings and both long and short derivatives as at (31.7.17)



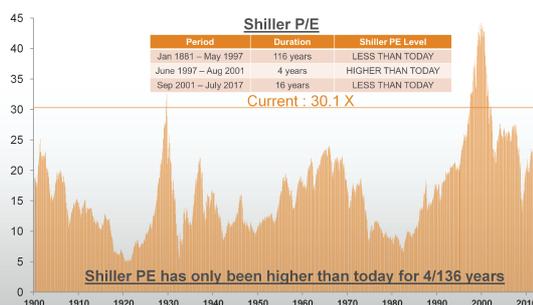
## The rotation since Brexit



Source: RIMES Technologies Ltd (31.07.17)



## US Valuations: Not a Good Entry Point!



Source: Yale University



\*Please see footnote 1 on the front page for our performance disclaimer. Past performance is not a reliable indicator of future performance.

\*\*Country returns represent the returns of the MSCI All Country World Index from 1/1/17-31/7/17