

## Facts

Portfolio value	\$482.86 mn		
Portfolio inception	29 June 1994		
Current share price	\$1.67		
Current dividend yield	5.99% fully franked		
<b>Pre-tax NTA ex-div</b>	<b>\$1.6361</b>	NTA retained earnings &	
Post-tax NTA ex-div	\$1.5523	dividend profit	22.34 cps
Max. franked dividend	2.05 cps		

(After June 2017 final dividend)

## Performance<sup>1</sup>

	FUND % (Pre-tax NTA)	MSCI %
1 month	2.84	1.04
3 months	2.31	(2.71)
6 months	13.49	5.58
Calendar year to date	13.10	5.02
1 year	16.79	10.97
2 years (compound pa)	8.14	5.95
3 years (compound pa)	10.63	11.55
5 years (compound pa)	17.47	16.46
7 years (compound pa)	10.80	12.13
10 years (compound pa)	7.84	4.49
Since inception (compound pa)	12.45	6.61

The Pre-tax NTA return is calculated on net assets after the deduction of fees & costs and assumes the re-investment of any dividends

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

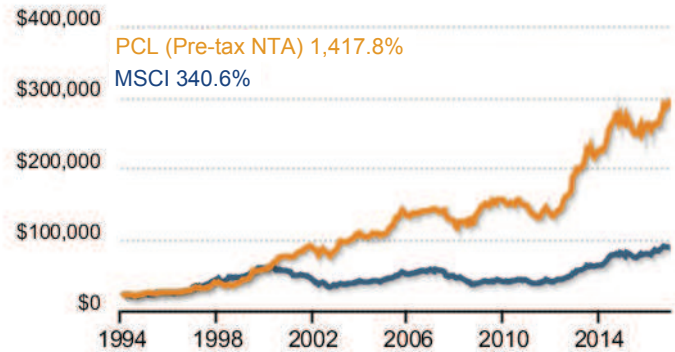
	LONG %	NET %	CURRENCY %
Australia	1.1	1.1	5.0
Brazil	0.5	0.5	0.5
Canada	0.2	0.2	0.2
China	3.4	3.4	3.4
China Ex PRC	19.9	19.9	
Hong Kong	0.2	0.2	14.2
Denmark	0.8	0.8	0.9
France	3.8	3.6	
Germany	3.7	3.7	
India	4.8	4.8	5.0
Italy	1.6	1.6	
Japan	15.5	15.5	8.7
Korea	7.9	7.9	7.8
Malaysia	1.0	1.0	1.0
Nigeria	0.1	0.1	0.1
Norway	1.1	1.1	3.4
Russia	0.7	0.7	
South Africa	0.3	0.3	0.3
Sweden	0.2	0.2	0.3
Switzerland	2.7	2.7	0.8
United Kingdom	6.3	6.3	4.3
United States	13.3	0.4	27.2
Vietnam	2.2	2.2	2.2
Zimbabwe	1.0	1.0	
	92.4	79.4	
Euro Currency			14.9
Cash	7.6	20.6	
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Long - 91 stocks, 2 swaps, 1 bond      Short - 9 stocks, 1 index

## 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>



The Pre-tax NTA return is calculated on net assets after the deduction of fees & costs and assumes the re-investment of any dividends

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

STOCK	COUNTRY	INDUSTRY	%
Samsung Electronics Co Ltd	Korea	Info Technology	3.2
Alphabet Inc	USA	Info Technology	2.9
Lixil Group Corporation	Japan	Industrials	2.5
Royal Dutch Shell PLC	UK	Energy	2.4
Inpex Corporation Ltd	Japan	Energy	2.2
China Pacific Insurance Group	China Ex PRC	Financials	2.1
Tencent Holdings Ltd	China Ex PRC	Info Technology	2.1
Ping An A Share Pnote Exp	China	Financials	2.1
Kering	France	Cons Discretionary	2.0
Sina Corp	China Ex PRC	Info Technology	2.0

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

SECTOR	LONG %	NET %
Info Technology	23.4	23.4
Cons Discretionary	14.1	13.3
Financials	11.5	11.5
Materials	8.7	8.7
Energy	8.4	8.4
Industrials	7.5	7.5
Health Care	7.4	7.4
Consumer Staples	4.6	0.8
Real Estate	2.3	2.3
Utilities	2.3	2.3
Telecom Services	1.4	1.4
Other*	0.7	(7.7)

\* 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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The portfolio has delivered solid double digit returns and outperformed the market over 1, 5 and 10 years\*. This outperformance has been achieved despite the portfolio having a very different make-up to the world index which has been dominated by the strong performance and representation of the US in the world index.

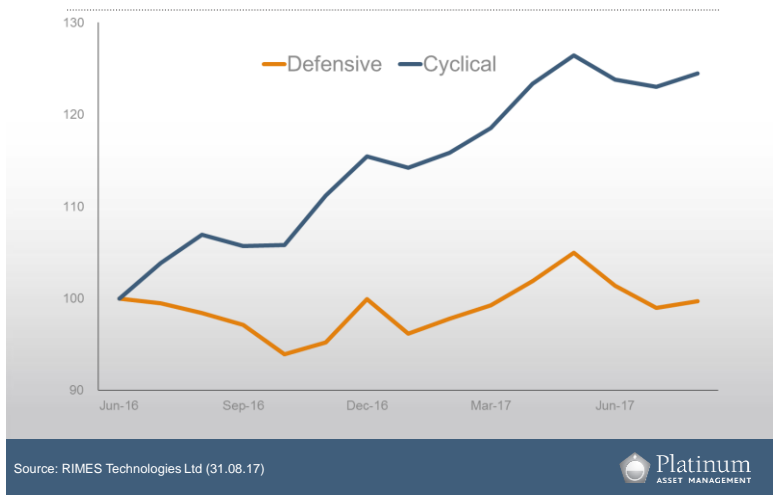
When one looks more closely there are two major changes that have taken place in the last 14 months. Firstly, Brexit coincided with the peaking of the bond market and with it the desperate desire for bond proxies has waned. Since 30 June 2016, synchronous global growth has propelled cyclical sectors to a 24% return\*, while defensive sectors have been anything but, languishing with a zero return. We have been careful to keep a selective exposure to this defensive area. Secondly, after the initial enthusiasm for President Trump, 2017 has seen a big divergence in fortunes for Asia and the US. Asia (+20%), led by China (+30%), has left the US (+2%) far behind. We have very little exposure to the world's largest stock market and more to Asia-Pacific than we have ever had as a firm. Year-to-date, 8 of the top 10 contributors are Asian stocks, led by Chinese technology.

With cyclicals and Asia now having both mean reversion and short-term momentum on their side, the outlook for the portfolio is encouraging. The current long positions in the portfolio offer an earnings yield (E/P) of 7%, which provides a base estimate for minimum medium-term expectations.

Looking at markets it makes sense to avoid the hottest areas of the day – the widespread adoption of passive investing and the slavish following of indices is leading many investors to a huge bias to an expensive US market, which a simple look at the nature of capital flows, may be more correlated with Australia than many expect. Technology, which has been our largest sector for a number of years, is widely discovered, with FANG (Facebook, Amazon, Netflix and Google) moving in tandem with Apple and Microsoft at levels and a combined market capitalisation, that suggest everyone is now on board. While our positioning is more nuanced, it is not an area to be discovering and embracing for the first time.

When one looks for the start of the next bear market, it is likely to be extreme valuation or a broken system that are the trigger. We do not think we are there yet, so continue to see plentiful opportunities to make money.

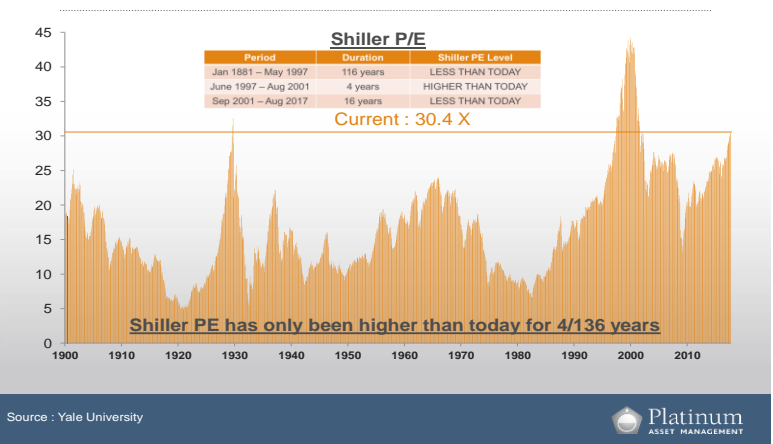
The rotation since Brexit



Source: RIMES Technologies Ltd (31.08.17)



US Valuations: Not a Good Entry Point!



Source : Yale University



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	37	18	6.7	10.1
Europe	23	13	3.0	3.5
Japan	14	8	1.0	2.5
North America	4	9	0.4	1.2
Cash/FX	22	1.5 (RBA)	0.3	0.2
<b>Net Return (12 months)</b>			<b>11.4</b>	<b>17.0</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 31.8.17

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.

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

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