

**Facts**

Portfolio value	\$511.00 mn	
Portfolio inception	29 June 1994	
Current share price	\$1.905	
Current dividend yield	5.25% fully franked	
<b>Pre-tax NTA</b>	<b>\$1.7866</b>	NTA retained earnings &
Post-tax NTA	\$1.6606	dividend profit 33.09 cps
Max. franked dividend	2.86 cps	

**Performance<sup>1</sup>**

	FUND % (Pre-tax NTA)	MSCI %
1 month	6.12	4.46
3 months	12.54	8.75
6 months	16.38	7.52
Calendar year to date	23.77	13.03
1 year	28.64	22.27
2 years (compound pa)	11.09	8.16
3 years (compound pa)	14.04	12.95
5 years (compound pa)	19.19	17.70
7 years (compound pa)	11.92	12.82
10 years (compound pa)	9.21	5.68
Since inception (compound pa)	12.79	6.90

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	1.5	1.5	2.3
Canada	0.2	0.2	0.2
China	4.3	4.3	4.2
China Ex PRC	19.8	19.8	
Hong Kong	0.3	0.3	14.3
Denmark	0.7	0.7	0.8
France	3.5	3.5	
Germany	4.2	4.2	
India	4.2	4.2	4.2
Italy	1.3	1.3	
Japan	16.9	16.9	10.2
Korea	8.8	8.8	8.8
Malaysia	1.1	1.1	1.1
Nigeria	0.1	0.1	0.1
Norway	1.2	1.2	3.1
Russia	0.7	0.7	
South Africa	0.2	0.2	0.2
Sweden	0.3	0.3	0.3
Switzerland	2.7	2.7	0.7
United Kingdom	6.1	6.1	4.6
United States	13.9	0.6	28.4
Vietnam	2.2	2.2	2.2
Zimbabwe	1.0	1.0	
	<b>95.0</b>	<b>81.8</b>	
Euro Currency			14.5
Cash	5.0	18.2	
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Long - 93 stocks, 2 swaps      Short - 8 stocks, 1 index

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1. Source: Platinum for PMC returns and RIMES Technologies for MSCI returns. Performance results have been calculated using the pre-tax net tangible asset value 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). Past performance is not a reliable indicator of future returns.

2. Source: Platinum for PMC 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 pre-tax net tangible asset 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. Past performance is not a reliable indicator of future returns.

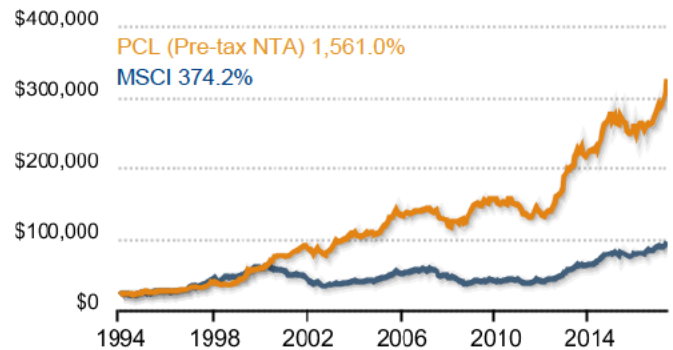
3. The "Long %" represents the exposure to physical holdings, corporate fixed income securities and long stock derivatives as a percentage of PMC's portfolio value. The "Net %" represents the exposure of physical holdings and both long and short derivatives as a percentage of PMC's portfolio value. The "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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**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	3.8
Alphabet Inc	USA	Info Technology	3.1
Royal Dutch Shell PLC	UK	Energy	2.6
Lixil Group Corporation	Japan	Industrials	2.5
Inpex Corporation Ltd	Japan	Energy	2.5
Ping An	China	Financials	2.3
China Pacific Insurance Group	China Ex PRC	Financials	2.2
PICC Property & Casualty Co	China Ex PRC	Financials	2.1
Nexon Co Ltd	Japan	Info Technology	2.0
Jiangsu Yanghe Brewery	China	Consumer Staples	2.0

**Industry breakdown<sup>3</sup>**

SECTOR	LONG %	NET %
Info Technology	23.9	23.9
Cons Discretionary	13.6	13.1
Financials	11.8	11.8
Materials	9.5	9.5
Energy	9.3	9.3
Industrials	8.5	8.5
Health Care	7.6	7.6
Consumer Staples	5.2	1.1
Telecom Services	1.9	1.9
Real Estate	1.6	1.6
Utilities	1.5	1.5
Other*	0.7	(7.9)

\* Includes index short position

Kerr Neilson (CEO) and Andrew Clifford (CIO) recently commented on their thoughts on the markets at the Platinum Capital Limited AGM on 26 October in Sydney.

Kerr talked at a global level making the following key observations:

- The world feels very good today, with indicators showing a rare, co-ordinated global expansion.
- China's reforms are positive and this is a key driver - Andrew expands on this below.
- Even Japan is growing, indeed the labour force is expanding as female participation increases.
- The US is the only significant economy on a tightening path.
- Inflation is in asset prices not consumer goods; inequality is an unwelcome outcome.
- Weak income growth and imperfections from prolonged interest rate suppression are a concern.
- There are still pockets of value for stock-pickers.
- We are at the point in the cycle where we start to look for what could go wrong.
- Markers of excess include: crowding into bonds, high valuations and reduced social cohesion.
- Need to weigh-up carefully when to lighten exposure.

Andrew then focused in on the changes in China that are exciting us:

- There is a significant gap between perception and reality.
- News of reform is taking a long time to flow through to the Australian / Western media and to be understood.
- Supply side reform is a critical change in China's economy.
- The fundamental shift took place in early 2016 – in Australia, evidence is in thermal coal and iron ore prices.
- The setting up of a redundancy fund meant that this time closures actually took place – shows Xi's grip on power.
- Environmental standards is a key driver of this – closing down polluters to clean up the air.
- Reduced capacity in steel and coal, has sent profits through the roof, and will reduce non-performing loans (NPL's) in the banking system.
- The "shadow banking" system is not vastly different in operation from our mechanism of "securitised debt".
- Funds in the economy are being channeled to the dynamic private sector – robotics, IT, electric vehicles, and drug development.
- The key state sponsored sector going forward is infrastructure – the One Belt One Road initiative is critical, significant and rational.
- The residential property market is arguably under- not over-supplied with urbanisation and modernisation the drivers.
- It is highly probable that within China are the investment opportunities of a generation; most fund managers still ignore this.

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	29	10.7	16.0
Europe	23	26	6.0	7.8
Japan	15	17	2.6	4.1
North America	4	21	0.8	1.8
Cash/FX	21	1.5 (RBA)	0.3	0.8
<b>Net Return (12 months)"</b>			<b>20.4</b>	<b>28.6</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 31.10.17

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.

"To 31.10.17



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