

Facts

Portfolio value	\$526.9 mn
Portfolio inception	29 June 1994
Current share price	\$1.975
Current dividend yield	5.06% fully franked
Pre-tax NTA	\$1.8421
Post-tax NTA	\$1.7019
Max. franked dividend	3.49 cps
	NTA retained earnings & dividend profit reserve 37.21 cps

Performance¹

	FUND % (Pre-tax NTA)	MSCI %
1 month	2.86	2.04
3 months	3.26	3.61
6 months	16.22	12.68
Calendar year to date	2.86	2.04
1 year	29.28	19.51
2 years (compound pa)	17.35	14.60
3 years (compound pa)	11.05	10.45
5 years (compound pa)	16.78	16.79
7 years (compound pa)	12.06	12.64
10 years (compound pa)	9.98	7.17
Since inception (compound pa)	12.80	6.98

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 positions³

	LONG %	NET %	CURRENCY %
Australia	1.7	1.7	2.5
Canada	0.2	0.2	0.2
China [#]	23.4	23.4	4.5
Hong Kong	0.4	0.4	15.2
Denmark	0.8	0.8	1.0
France	2.8	2.8	
Germany	6.0	6.0	
India	4.1	4.1	4.2
Italy	1.4	1.4	
Japan	18.6	18.6	12.6
Korea	8.3	8.3	8.4
Malaysia	1.1	1.1	1.1
Norway	1.5	1.5	7.2
Russia	0.9	0.9	
South Africa	0.3	0.3	0.3
Switzerland	3.4	3.4	0.9
United Kingdom	6.3	6.3	5.9
United States	12.7	(1.2)	17.0
Zimbabwe	0.7	0.7	
	94.5	80.5	
Euro Currency			17.0
Thailand Baht			2.0
Cash	5.5	19.5	
Total	100.0	100.0	100.0

Long - 91 stocks, 2 swaps Short - 8 stocks, 1 option, 1 index

[#]China includes exposure to Chinese A shares, H shares and ADRs.

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The market commentary reflects Platinum's views and beliefs at the time of preparation, which are subject to change without notice. No representations or warranties are made by Platinum as to their accuracy or reliability.

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.

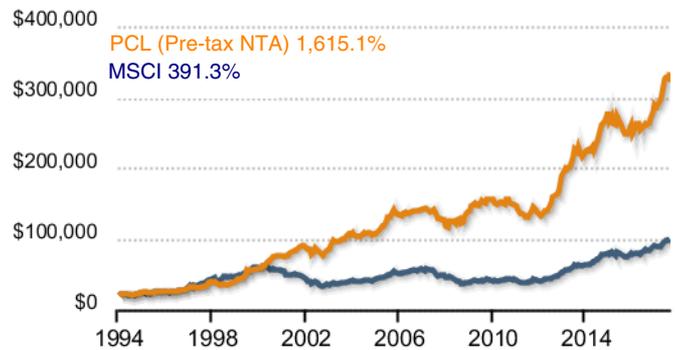
4. The "Top ten positions" show PMC's top long share exposure positions as a percentage of PMC's portfolio value. Long derivative exposures are included. However, short derivative exposures are not.

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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 graph²



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 positions⁴

STOCK	COUNTRY	INDUSTRY	%
Alphabet Inc	USA	Info Technology	3.3
Samsung Electronics Co Ltd	Korea	Info Technology	3.1
Inpex Corporation Ltd	Japan	Energy	2.8
Royal Dutch Shell PLC	UK	Energy	2.7
Glencore PLC	Switzerland	Materials	2.5
Ping An Insurance Grp	China	Financials	2.4
Lixil Group Corporation	Japan	Industrials	2.4
Sina Corp	China	Info Technology	2.4
Nexon Co Ltd	Japan	Info Technology	2.3
Jiangsu Yanghe Brewery	China	Consumer Staples	2.3

Industry breakdown³

SECTOR	LONG %	NET %
Info Technology	21.8	21.8
Cons Discretionary	13.2	12.4
Financials	12.2	12.2
Industrials	11.7	11.7
Materials	11.0	11.0
Energy	9.1	9.1
Health Care	7.0	7.0
Consumer Staples	3.4	(0.6)
Telecom Services	2.0	2.0
Real Estate	1.7	1.7
Utilities	1.3	1.3
Other*	0.0	(9.1)

* Includes index short position

The Company has had a profitable 12 months, returning 29%, dominated by Asia-Pacific and to a lesser extent Europe. IT, Financials and Consumer sectors made a strong contribution with top stocks including China's Ping An Insurance, Tencent and 58.com, along with Samsung Electronics and Kering (Gucci parent). Over the last few months, Energy and Materials has started to make an impact.

Commentators would have you believe each year is a discrete investment timeframe, with copious volumes of 2018 forecasts produced by so-called experts. One suspects about half will be right and half will be wrong, while the markets continued in January as if it were still 2017.

The S&P 500 Total Return Index had its 14th consecutive positive month, and its 21st positive month out of 22 months. This has not happened since Platinum began in 1994. Speculative activity in crypto-currencies may be symptomatic of the world today; our Bitcoin Primer in the Quarterly Report www.platinum.com.au/Insights-Tools/The-Journal/Bitcoin-A-Primer is a timely warning as to the risks here.

February started with a bang! In many ways it was symptomatic of the long positive run highlighted – complacency, particularly in the US, had set in. It appears that one of the main causes, other than the irony that a stronger US economy led to the initial reaction (via fear of higher inflation and hence rates), was the unwinding of volatility based strategies that have become popular. In simple terms, money has been sucked into products requiring markets to remain stable in order to make money. Following the crypto excitement of December, it seems another abstraction lay at the heart of disappointment for individual investors.

Closing of positions led to a sudden, violent move, but one which looks to be transient. Underlying economic growth is strong, and there is a lot to be excited about in non-US markets. By 5 February the long portion of the fund traded on 14X forward P/E with better growth prospects than global markets, which are on 16X with the US even higher.

A big difference between how we are seeing the world today, and how consensus sees it, is that China is generally described as the big risk. Our impression is that a cheap market exposed to a growing and changing economy is surely less risky than an expensive market exposed to a late cycle economy. China is our largest country exposure, followed by Japan, Korea and India.

Investment ideas tend to come in clusters, either geographical or sectoral, as a result of shifts in sentiment or major changes in the real world. Over time, this leads to a gradual movement of the portfolio from the hot to the cooler. In a regional sense, as the chart below shows, the last few years have seen us deploy money away from the US and towards Asia-Pacific, while in a sectoral sense this has seen us take profits in the strong Technology sector and redeploy them towards Energy and Materials.

Energy investments were generally presented to us by a sense of crisis brought on by an unsustainably low oil price from late 2015 through 2017. On the other hand, our increased interest in Materials has come from our work on developments around the Electric Car, as our recent quarterly reports have highlighted.

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	38	35	13.2	18.3
Europe	22	22	4.8	6.4
Japan	16	17	2.8	5.1
North America	3	17	0.5	1.0
Cash/FX	21	1.5 (RBA)	0.3	0.1
Net Return (12 months)*			21.5	29.3

^*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 31.01.18

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 31.12.17

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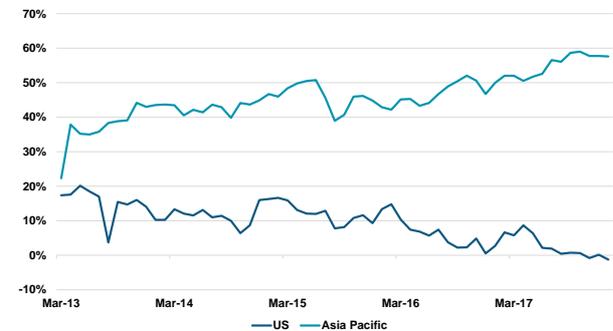
Net Sector Exposure – IT vs. Energy/Materials



Source: Platinum Investment Management Ltd.

Platinum Capital Limited

Net Exposure – US vs. Asia Pacific



Source: Platinum Investment Management Ltd.