

## Facts

Portfolio value	\$521.9 mn	
Portfolio inception	29 June 1994	
Current share price	\$1.93	
Current dividend yield	5.18%	
Pre-tax NTA (ex-div)	\$1.7846	NTA retained earnings &
Post-tax NTA (ex-div)	\$1.6534	dividend profit reserve
Max. franked dividend*	5.68 cps	32.37 cps

## Performance<sup>1</sup>

	FUND % (Pre-tax NTA)	MSCI %
1 month	(0.66)	(0.45)
3 months	1.64	0.18
6 months	12.25	11.02
Calendar year to date	2.18	1.58
1 year	27.40	17.21
2 years (compound pa)	18.17	15.29
3 years (compound pa)	9.79	8.50
5 years (compound pa)	16.21	16.25
7 years (compound pa)	11.93	12.45
10 years (compound pa)	10.30	7.59
Since inception (compound pa)	12.73	6.94

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>

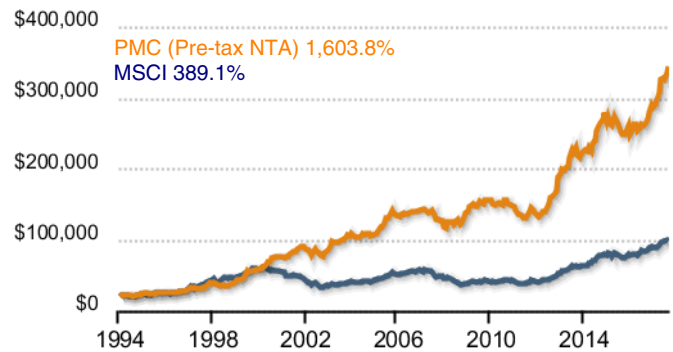
	LONG %	NET %	CURRENCY %
Australia	1.7	1.7	0.6
Canada	0.2	0.2	0.2
China	4.1	4.1	4.1
China Ex PRC	18.4	18.4	
Hong Kong	0.1	0.1	15.1
Taiwan	0.3	0.3	
Denmark	0.9	0.9	0.9
France	2.7	2.7	
Germany	5.9	5.9	
India	4.2	4.2	4.4
Italy	1.4	1.4	
Japan	18.9	18.9	12.9
Korea	8.1	8.1	8.4
Malaysia	1.1	1.1	1.1
Norway	1.8	1.8	7.8
Russia	0.9	0.9	
South Africa	0.3	0.3	0.3
Switzerland	3.3	3.3	0.9
United Kingdom	5.9	5.9	6.0
United States	14.4	3.7	17.8
Zimbabwe	0.7	0.7	
	95.3	84.6	
Euro Currency			17.3
Thailand Baht			2.2
Cash	4.7	15.4	
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Long - 92 stocks, 2 swaps      Short - 8 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	%
Alphabet Inc	USA	Info Technology	3.2
Samsung Electronics Co Ltd	Korea	Info Technology	3.0
Intel Corp	USA	Info Technology	2.9
Infex Corporation Ltd	Japan	Energy	2.7
Nexon Co Ltd	Japan	Info Technology	2.6
Sina Corp	China	Info Technology	2.5
Royal Dutch Shell PLC	UK	Energy	2.5
Glencore plc	Switzerland	Materials	2.4
Ping An Insurance Grp	China	Financials	2.3
Lixil Group Corporation	Japan	Industrials	2.2

\*China includes exposure to Chinese A shares, H shares and ADRs.

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

SECTOR	LONG %	NET %
Info Technology	23.4	23.4
Cons Discretionary	12.6	11.8
Financials	12.3	12.3
Materials	11.5	11.5
Industrials	11.5	11.5
Energy	8.7	8.7
Health Care	6.8	6.8
Consumer Staples	3.2	(0.6)
Telecom Services	2.3	2.3
Real Estate	1.7	1.7
Utilities	1.3	1.3
Other*	0.0	(6.0)

\* Includes index short position

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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 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 bottom up 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. All data where MSCI is referenced is the property of MSCI. No use or distribution of this data is permitted without the written consent of MSCI. This data is provided "as is" without any warranties by MSCI. MSCI assumes no liability for or in connection with this data. Please see full MSCI disclaimer in <https://www.platinum.com.au/our-funds/platinum-capital-limited/#CompanyPerformance>.

Over the last year, the company delivered 27% which is pleasing for investors. Key drivers were the exposure to Asia-Pacific, and sectorially, IT and Financials stood out. Asian technology stocks, led by long held positions in Tencent and Samsung, dominate the top contributors list.

A long sequence of up months for the S&P500 ended in February. Ironically, despite Trump being the self proclaimed catalyst for this market strength, the US has lagged major markets other than the UK and Australia. We noted last year that these three countries had benefited for 20+ years from capital flows from surplus nations (eg China, Japan, Korea, Europe) and that this may reverse.

After a month like February, with heightened alarm in the media, it is important to focus on fundamentals. Today the portfolio longs trade on around 14-15X forward earnings which is around the average level markets have traded on through time.

This month the value of short-selling was reiterated. Losses from the long portfolio (over 90% of assets) were halved simply by having around 10% of the portfolio short. Shorts often feel like a hand-break but prove their value when sentiment turns. When we near the end of the market cycle and good long ideas are harder to come by, we would expect to increase the protection we carry. For now, we remain comfortable with idea generation, and the portfolio.

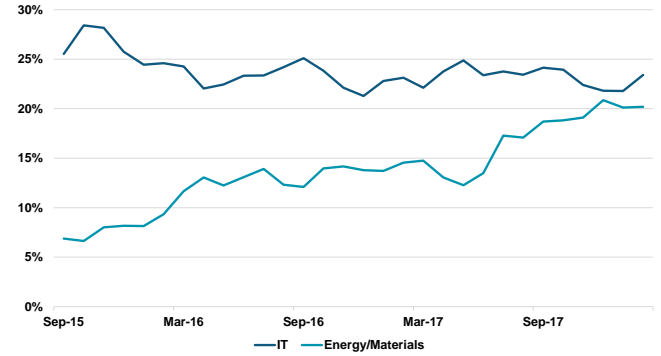
A big difference between how we are seeing the world today, and how consensus sees it, is that China is generally described as the big risk. Our impression is that a cheap market exposed to a growing and changing economy is surely less risky than an expensive market exposed to a late cycle economy. China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

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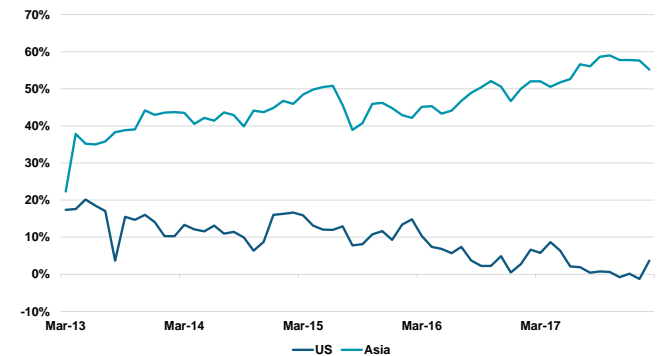
Net Sector Exposure – IT vs. Energy/Materials



Source: Platinum Investment Management Ltd.

## Platinum Capital Limited

Net Exposure – US vs. Asia Pacific



Source: Platinum Investment Management Ltd.

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	30	11.5	16.0
Europe	22	19	4.3	5.6
Japan	17	20	3.3	5.3
North America	2	14	0.3	2.3
Cash/FX	21	1.5 (RBA)	0.3	(0.2)
<b>Net Return (12 months)*</b>			<b>19.7</b>	<b>27.4</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 28.02.18

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 28.02.18