

Facts

Portfolio value	\$450.7 mn
Portfolio inception	29 June 1994
Current share price	\$1.62
Current dividend yield	5.56%
Pre-tax NTA	\$1.5570
Post-tax NTA	\$1.5095
Maximum franked dividend	6.74 cps
NTA retained earnings & div profit reserve	17.46 cps

Performance¹

	Company % (Pre-tax NTA)	MSCI %
1 month	0.34	1.41
3 months	7.89	11.17
6 months	(0.87)	(0.30)
Calendar year to date	7.89	11.17
1 year	(1.28)	10.81
2 years (compound pa)	9.79	12.51
3 years (compound pa)	10.66	13.67
5 years (compound pa)	8.74	12.28
7 years (compound pa)	12.77	14.44
10 years (compound pa)	10.53	11.74
Since inception (compound pa)	12.03	7.04

The Company's return is calculated after the deduction of fees and expenses, adjusted for taxes paid and any capital flows, and assumes the reinvestment of dividends. Returns are not calculated using the Company's share price.

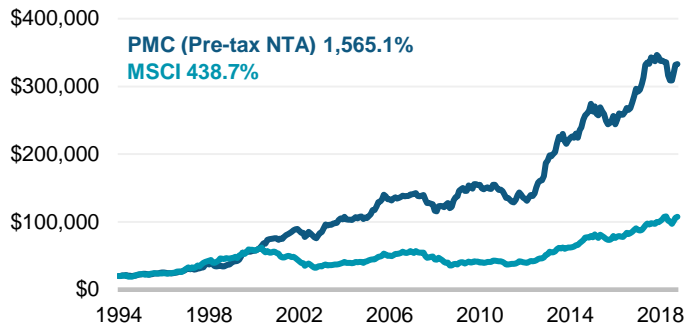
Invested positions³

	LONG %	NET %	CURRENCY %
Australia	0.7	0.7	0.8
Austria	0.8	0.8	
Canada	2.5	2.5	2.5
China	9.8	9.8	9.8
China Ex PRC	14.6	14.6	
Hong Kong	1.1	1.1	14.1
Denmark	0.5	0.5	0.5
France	2.9	2.9	
Germany	4.2	4.2	
India	5.8	5.8	5.9
Italy	1.1	1.1	
Japan	8.9	8.9	16.7
Korea	6.2	5.4	5.5
Norway	2.6	2.6	2.8
Switzerland	4.9	4.9	1.8
Thailand	0.5	0.5	0.5
United Kingdom	2.0	1.2	4.9
United States	18.0	9.5	36.4
Zimbabwe	0.6	0.6	0.6
	87.6	77.4	
China Renminbi Off Shore			(15.3)
Euro Currency			12.8
Cash	12.4	22.6	
Total	100.0	100.0	100.0

Long - 81 stocks, 1 swap Short - 11 stocks, 1 index

Fees

Entry 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


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Top ten positions⁴

STOCK	COUNTRY	INDUSTRY	%
Ping An Insurance Grp	China	Financials	4.1
Samsung Electronics Co Ltd	Korea	Info Technology	3.4
Glencore PLC	Switzerland	Materials	3.1
Alphabet Inc	USA	Communication Serv.	3.0
Facebook Inc	USA	Communication Serv.	2.7
China Overseas land & Invest.	China	Real Estate	2.6
Jiangsu Yanghe Brewery	China	Consumer Staples	2.3
PICC Property & Casualty Co	China	Financials	2.2
Tencent Holdings Ltd	China	Communication Serv.	2.0
Technip FMC	UK	Energy	2.0

Industry breakdown³

SECTOR	LONG %	NET %
Financials	16.2	16.2
Communication Services	13.2	13.2
Materials	12.8	12.8
Industrials	11.2	11.2
Info Technology	9.1	7.4
Cons Discretionary	8.5	5.9
Energy	5.8	5.8
Health Care	4.9	2.9
Consumer Staples	3.3	1.5
Real Estate	2.6	2.6
Other*	0.0	(2.1)

* Includes index short position

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1. & 2. Source: Platinum for PMC returns and RIMES Technologies for MSCI returns. 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). The investment returns depicted in the graph are cumulative on A\$20,000 invested in PMC since inception. Past performance is not a reliable indicator of future returns. 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.

3. China refers to securities or derivatives over securities, which securities are listed on the Shanghai or Shenzhen stock exchange. China Ex PRC refers to securities or derivatives over securities, which securities are listed outside of the PRC but provide exposure to PRC companies. The "Long %" represents the exposure to direct securities holdings and long stock/index derivatives as a percentage of PMC's portfolio value. The "Net %" represents the exposure to direct securities holdings and both long and short stock/index derivatives as a percentage of PMC's portfolio value. The "Currency %" represents the effective currency exposure of PMC's portfolio as a percentage of PMC's portfolio value, taking into account currency exposures through securities holdings, cash, forwards and long and short stock/index derivatives.

4. The "Top ten positions" show PMC's top ten long positions as a percentage of PMC's portfolio value. Direct securities holdings and long stock derivatives are included. However, short stock derivatives are not included.

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- Strong start to 2019, headwinds from 2018 continue to recede.
- Portfolio remains conservatively positioned; contains great value.
- Quarterly report due out 17 April goes into more depth on the company and macro.

Current Portfolio Dynamics

The portfolio started 2019 with its strongest calendar quarter since March 2015, returning 8%, as the markets^[1] shrugged off the woes of late 2018, powering to their strongest calendar quarter since December 2013 and their strongest start to the year since 1998.

In March, market chatter focused on the dovish Federal Reserve, which has re-stimulated demand for US assets; technology is back in the market ascendancy. European data has been soft but Brexit is unlikely to have major portfolio ramifications. Chinese stimulatory measures are starting to be noticed and appreciated. There are unresolved disconnects between the bond markets more negative growth outlook than equity markets and between outflows from equity funds and prices rising. After the run-up, our approach is best described as conservative, with net exposure close to our historic averages.

Asia-Pacific was the driver of last quarter's returns with 7% contribution coming from the region. The average long position across the portfolio rose by an impressive 12% in the quarter rebounding from the lows, but risk management cost us, with shorts suffering in what was broadly a global market rally and reducing the North American contribution from almost 3% on the long side to only 1% net. The top stocks over the quarter were Ping An, Jiangsu Yanghe, Weichai Power, Facebook and Anta Sports.

The epicentre of 2018's woes was China, with its financial reform exaggerated by the impact of Trump's trade war. This rippled out to anyone who sold goods to the world's biggest physical market. With China now stimulating and the trade war appearing to abate, it is noteworthy that the Chinese domestic stock market is the world's strongest major market year-to-date. Andrew Clifford goes into more detail in his macro overview within the March quarterly report about the increasing importance of China to everyone following markets.

As our exposures to the US and China provoke strong responses, it is worth stressing that we do not dislike the US nor are we in love with China. After a multi-year bull market, the US is a firm favourite for most investors, while China is still shunned by many institutions and widely misunderstood. These dynamics lead us to own slightly more in the world's second largest market; the difference in net weights is largely driven by wide valuation dispersion creating short selling opportunities among several expensive US stocks and indices. In recent months a greater proportion of our purchases have been among US corporates as prices have adjusted.

Ultimately the prospects for the portfolio are best categorised by considering the stocks that we own, as it is price that drives all our decisions. Our long stocks are on an average P/E ratio of 11x (or a 9% earnings yield) comparing very favourably to a global market on about 15x, which is close to long-term averages.

Having spent the first nine months of 2018 reducing risk in the portfolio, we closed some shorts near the market lows, introduced General Electric near its lows, and added to semiconductor companies giving very cheap exposure to the excitement of Artificial Intelligence, Cloud Computing and Autonomous Driving etc.

The next leg for equities may come from anticipation of increased government spending around the world but in tighter labour markets this could simultaneously start to create fears of higher rates, which has historically choked off markets.

Historical Returns

We are now exactly 10 years from the GFC-bottom. Since then we have delivered a solid 11% annualised return, while carrying 75% average net exposure to markets.

When we look at major markets of the world^[2] over the same period, our returns compare well against Japan, Germany, France (all 8% compound p.a.), UK (9% compound p.a.), China, India and Australia (10% compound p.a.) and Korea (11% compound p.a.). Only the US at 15% p.a. has done meaningfully better.

It is worth highlighting that we believe it would be imprudent to put more than half a global portfolio in one individual market, so we are structurally underweight the US, with our maximum long exposure to North America reaching 29% in 2011-12. Risk is paramount in our process.

It is also worthy of note, that while our approach aims to provide capital growth over the long-term by investing in undervalued companies, we believe we can do better than the market over a full cycle. As we stand today, the last peak was in May 2007, with the trough in March 2009. If we assume the cycle is not over yet, with March 2019 closing only 0.3% behind September 2018's high, then we have delivered 137% (7.6% compound p.a.) so far this cycle against a market return of 89% (5.5% compound p.a.), while carrying average net exposure of only 77%.

[1] As measured by MSCI AC World Net Index in A\$

[2] Using the MSCI Country Indices in A\$