

Facts

Portfolio value	\$482.00 mn		
Portfolio inception	29 June 1994		
Current share price	\$1.77		
Current dividend yield	5.65% fully franked		
Pre-tax NTA	\$1.6852	NTA retained earnings &	
Post-tax NTA	\$1.5884	dividend profit	25.86 cps
Max. franked dividend	2.46 cps		

Performance¹

	FUND % (Pre-tax NTA)	MSCI %
1 month	3.12	3.04
3 months	7.12	2.82
6 months	13.31	6.63
Calendar year to date	16.63	8.21
1 year	21.18	15.71
2 years (compound pa)	10.33	9.03
3 years (compound pa)	10.78	11.41
5 years (compound pa)	17.54	16.58
7 years (compound pa)	11.07	12.50
10 years (compound pa)	8.52	5.14
Since inception (compound pa)	12.56	6.72

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

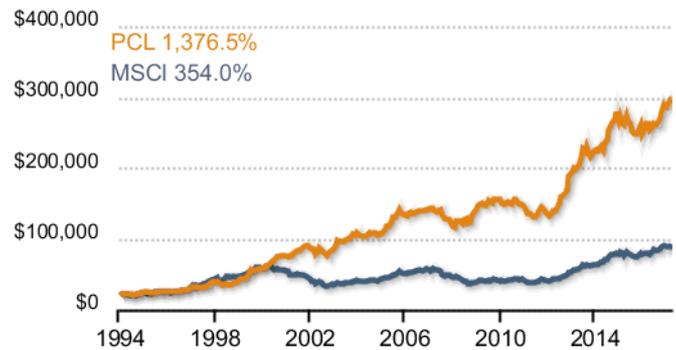
	LONG %	NET %	CURRENCY %
Australia	1.5	1.5	2.5
Canada	0.2	0.2	0.2
China	3.9	3.9	3.8
China Ex PRC	20.2	20.2	
Hong Kong	0.1	0.1	13.7
Denmark	0.8	0.8	0.8
France	4.2	4.2	
Germany	3.9	3.9	
India	4.6	4.6	4.8
Italy	1.5	1.5	
Japan	16.5	16.5	9.4
Korea	8.4	8.4	8.4
Malaysia	1.2	1.2	1.2
Nigeria	0.1	0.1	0.1
Norway	1.2	1.2	3.4
Russia	0.7	0.7	
South Africa	0.2	0.2	0.2
Sweden	0.2	0.2	0.2
Switzerland	2.8	2.8	0.9
United Kingdom	6.4	6.4	4.7
United States	13.9	0.8	28.6
Vietnam	2.2	2.2	2.2
Zimbabwe	1.0	1.0	
	95.8	82.6	
Euro Currency			15.0
Cash	4.2	17.4	
Total	100.0	100.0	100.0

Long - 93 stocks, 2 swaps, 1 bond 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 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	%
Samsung Electronics Co Ltd	Korea	Info Technology	3.5
Alphabet Inc	USA	Info Technology	3.0
Royal Dutch Shell PLC	UK	Energy	2.7
Lixil Group Corporation	Japan	Industrials	2.5
Inpex Corporation Ltd	Japan	Energy	2.5
Sina Corp	China Ex PRC	Info Technology	2.3
Kering	France	Cons Discretionary	2.2
Tencent Holdings Ltd	China Ex PRC	Info Technology	2.1
Nexon Co Ltd	Japan	Info Technology	2.0
Sanofi SA	France	Health Care	2.0

Industry breakdown³

SECTOR	LONG %	NET %
Info Technology	24.1	24.1
Cons Discretionary	14.3	13.7
Financials	11.0	11.0
Materials	9.4	9.4
Energy	9.3	9.3
Health Care	7.9	7.9
Industrials	7.9	7.9
Consumer Staples	5.1	1.2
Real Estate	2.4	2.4
Utilities	2.3	2.3
Telecom Services	1.4	1.4
Other*	0.7	(7.9)

* Includes index short position

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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. 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>.

Market update and commentary

The portfolio has delivered investors 17%* since 1 January 2017, against a backdrop of a market up 8%*, which is encouraging, and more so when one notes this has been achieved with around 80% net exposure to the markets. Performance is impressive in absolute and relative terms across short, medium and long term timeframes.

The synchronous growth we are observing in the world for the first time in a long while, coupled with loose monetary policy, is conducive to a good environment for equities, particularly cyclicals, and for most markets outside of the expensive US. We believe China is the most prospective market for finding keenly-priced opportunities. The chart shows some key differences between the world's two largest economies and stock markets, though indices do not yet reflect China's importance.

Brexit was the watershed for the markets in June 2016, hot on the heels of Trump's nomination as a presidential candidate. This indicated that the status quo was not working and bond markets coincidentally peaked. Since that time, cyclical stocks in the portfolio have risen by 28.5%, while defensive stocks in the portfolio have delivered 2.3%.

Geographically, non-US markets started to outperform but with initial enthusiasm for Trump reversing this temporarily, it is calendar 2017 where that divergence became most apparent. Asia is up 21%* YTD, led by China's 32%* return, while the US (+5%)*, Australia (+4%)* and UK (+6%)* are the laggards.

There has been much market chatter in recent years about the challenge of finding a yield in equity markets and this was a driver in so-called bond proxies performing well as the bond markets moved ever higher (and yields ever lower).

The chart attached shows that Platinum Capital, has been a good source of income for investors, with an average franked dividend yield of 6.5% per annum since inception (grossed-up 9.3%)*, and even in the last 4 years, and average of 5.5% (grossed-up 7.9%)* in a world of poorer yields. Only in 2012 was there a shortfall on the 4% figure (2.8% franked dividend) often cited as a requirement that retirees may wish to gain from their portfolios.

The latest quarterly report will be published on the 17th October and it goes into more depth on portfolio positioning. Kerr covers the rise of Asia, one of the most under-appreciated themes in markets, and Andrew has a useful article on how one should think about valuation.

China versus US by numbers

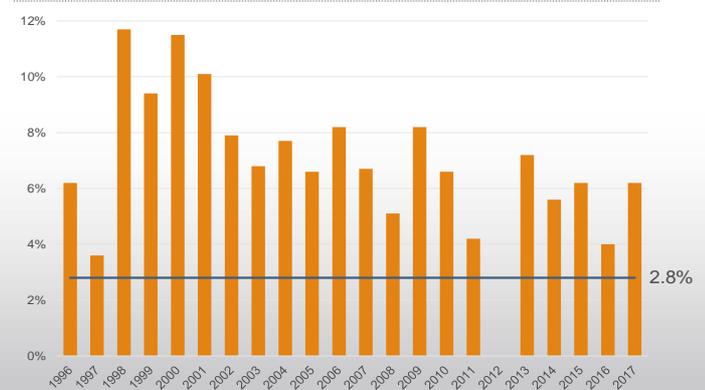


	China	United States
Population (m)	1409	324
GDP PPP 2017 (\$ tn)	23.2	19.4
10yr Total Return (A\$)	3.3% pa (+38%)	8.8% pa (+133%)
YTD Total Return (A\$)	32%	5%
Price to Book	1.9x	3.1x
2017 Earnings Yield	7%	5%
Real Economic Growth	7%	2%
MSCI AC World Weight (%)	3%	52%
Platinum Capital Limited	24%	1%

Source: Platinum Investment Management Limited, RIMES Technologies Ltd (30.09.17), UN, IMF



PCL Annual Franked Dividend Yields (%)



Source: Bloomberg
Yield = Dividends from income generated in a tax year, divided by the share price at the start of the tax year.



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	20	7.2	12.0
Europe	23	19	4.5	5.7
Japan	15	11	1.7	2.9
North America	4	15	0.6	1.6
Cash/FX	21	1.5 (RBA)	0.3	0.9
Net Return (12 months)*			14.6	21.2

^*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 30.09.17

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 30/09/17

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

**Annualised and calculated as at 30 June 2017 since inception.





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