

## Facts

|                        |                     |   |
|------------------------|---------------------|---|
| Portfolio value        | \$378.87 mn         |   |
| Portfolio inception    | 29 June 1994        |   |
| Current share price    | \$1.875             |   |
| Current dividend yield | 6.40% fully franked |   |
| <b>Pre-tax NAV</b>     | <b>\$1.6091</b>     |   |
| Post-tax NAV           | \$1.5623            | NAV retained earnings & dividend profit reserve 26.88 cps |
| NAV franking           | 11.93 cps           | Realised franking 7.25 cps                                |

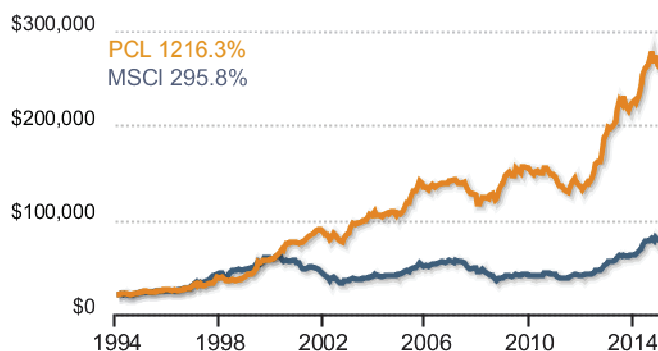
## Performance<sup>1</sup> (Pre Tax, after base fees)

|                               | FUND % | MSCI % |
|-------------------------------|--------|--------|
| 1 month                       | (2.20) | (2.35) |
| 3 months                      | 1.41   | 0.86   |
| 6 months                      | (4.01) | (0.10) |
| 1 year                        | 11.83  | 14.86  |
| 2 years (compound pa)         | 10.50  | 15.27  |
| 3 years (compound pa)         | 22.85  | 23.26  |
| 5 years (compound pa)         | 12.01  | 14.22  |
| 7 years (compound pa)         | 11.67  | 9.87   |
| 10 years (compound pa)        | 7.95   | 5.42   |
| Since inception (compound pa) | 12.79  | 6.63   |

## Fees

|                  |  |
|------------------|--|
| Management fee:  | 1.5% p.a of the portfolio value  |
| Performance fee: | Payable at 10% of the amount by which the portfolio's annual performance exceeds the return achieved by the MSCI All Country World Net Index plus 5% |

## Performance graph<sup>2</sup>



Source: Factset and Platinum

## Invested positions<sup>3</sup>

|                          | LONG %       | NET %        | CURRENCY %   |
|--------------------------|--------------|--------------|--------------|
| Australia                | 0.3          | 0.3          | 10.1         |
| Brazil                   | 0.0          | 0.0          | 0.1          |
| Canada                   | 0.7          | 0.7          | 1.0          |
| China                    | 4.4          | 4.4          | (5.8)        |
| China Ex PRC             | 14.8         | 14.8         |              |
| Hong Kong                | 1.2          | 1.2          | 11.8         |
| France                   | 4.5          | 4.5          |              |
| Germany                  | 2.9          | 2.9          |              |
| India                    | 5.5          | 5.5          | 5.7          |
| Italy                    | 4.7          | 4.7          |              |
| Japan                    | 10.1         | 10.1         | 5.9          |
| Korea                    | 6.9          | 6.9          | 3.8          |
| Malaysia                 | 0.7          | 0.7          | 0.7          |
| Nigeria                  | 0.2          | 0.2          | 0.2          |
| Norway                   | 0.6          | 0.6          | 4.7          |
| Russia                   | 0.9          | 0.9          |              |
| Sweden                   | 2.6          | 2.6          | 2.6          |
| Switzerland              | 1.1          | 1.1          | 1.1          |
| United Kingdom           | 7.1          | 7.1          | 2.1          |
| United States            | 21.6         | 8.8          | 56.0         |
| Vietnam                  | 2.0          | 2.0          | (0.1)        |
| Zimbabwe                 | 0.5          | 0.5          |              |
|                          | 93.5         | 80.6         |              |
| China Renminbi Off Shore |              |              | (6.5)        |
| Euro Currency            |              |              | 6.3          |
| Singapore Dollar         |              |              | 0.4          |
| Cash                     | 6.5          | 19.4         |              |
| <b>Total</b>             | <b>100.0</b> | <b>100.0</b> | <b>100.0</b> |

Long - 101 stocks, 5 swaps, 1 bond      Short - 1 stock, 2 indices

## Top ten positions<sup>4</sup>

| STOCK                        | COUNTRY      | INDUSTRY           | %   |
|------------------------------|--------------|--------------------|-----|
| Alphabet Inc                 | USA          | Info Technology    | 3.6 |
| Samsung Electronics Co Ltd   | Korea        | Info Technology    | 3.5 |
| Carnival Corp                | UK           | Cons Discretionary | 2.9 |
| China Pacific A share P-Note | China        | Financials         | 2.7 |
| Ericsson LM-B                | Sweden       | Info Technology    | 2.6 |
| Tencent Holdings Ltd         | China Ex PRC | Info Technology    | 2.5 |
| AstraZeneca PLC              | UK           | Health Care        | 2.4 |
| Intesa Sanpaolo SpA          | Italy        | Financials         | 2.3 |
| Eni SpA                      | Italy        | Energy             | 1.9 |
| PICC Property & Casualty Co  | China Ex PRC | Financials         | 1.8 |

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

| SECTOR             | LONG % | NET %  |
|--------------------|--------|--------|
| Info Technology    | 28.2   | 28.2   |
| Cons Discretionary | 14.3   | 14.3   |
| Financials         | 12.3   | 12.3   |
| Health Care        | 9.4    | 7.9    |
| Industrials        | 7.7    | 7.7    |
| Consumer Staples   | 6.4    | 6.4    |
| Energy             | 4.2    | 4.2    |
| Utilities          | 4.1    | 4.1    |
| Materials          | 3.8    | 3.8    |
| Telecom Services   | 2.5    | 2.5    |
| Other*             | 0.6    | (10.8) |

\* Includes index short positions

1. Performance results have been calculated using the pre-tax net asset value price (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 Platinum Capital Limited (PMC). You should also be aware that performance results are calculated using historic points of reference. PMC cannot guarantee that such results will be replicated in the future; therefore, this information should not be used to make future investment decisions.

2. 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\$ (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 asset value (NAV) price as released to the ASX (monthly 'Net Asset Values') 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 to the make-up of the Index. The Index is provided as a reference only.

3. The "Long %" represents the exposure of physical holdings and long stock derivatives. The "Net %" represents the exposure of physical holdings and both long and short derivatives.

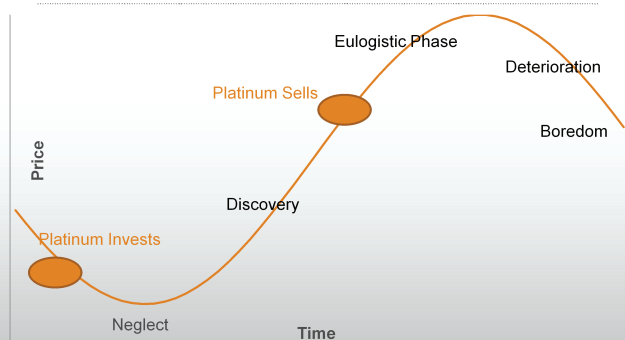
The "Currency %" represents the currency exposure for the Company's Portfolio, taking into account currency hedging.

4. Top Ten positions shows PMC's top long share exposure positions. Long derivative exposures are included, however, short derivative exposures are not.

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## Platinum's approach



Source: Platinum



## Investment Backdrop and Themes

### MACRO BACKDROP

- Low growth world; high debt levels; distortion of free money
- Rapid change/ disruption driven by technology

### GLOBAL THEMES

- E-commerce, data, mobility
- Financial sector
- Emerging Consumer including Pharmaceuticals

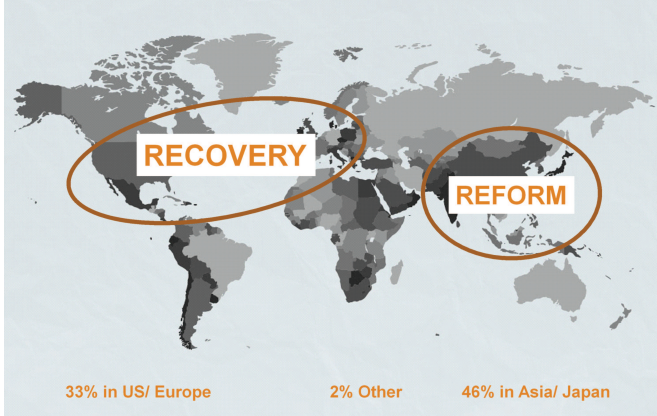
### ASIA's REFORM

- China rebalancing
- Indian infrastructure
- Japan and Korea's corporate rejuvenation

Source: Platinum



### Current Simple Framework



## The Index Anomaly

|                                | US  | China |
|--------------------------------|-----|-------|
| World Population               | 4%  | 19%   |
| World GDP (PPP)                | 16% | 17%   |
| World GDP                      | 23% | 13%   |
|                                |     |       |
| MSCI AC World Index            | 53% | 2%    |
| Platinum Capital Limited (net) | 9%  | 20%   |

Source: Platinum Capital Limited (at 30.11.15), MSCI, (weight at 30.11.15), IMF 2014, UN 2015



## Market update and Commentary

China's 'Singles Day' on 11 November was the biggest online retail event in history, with reported turnover of over \$14bn on one website alone! While the one child policy may have led to an oversupply of eligible bachelors, this phenomenon sits at the confluence of our Portfolio's two large thematic exposures to the Chinese consumer and to e-commerce locally and globally.

The entire Chinese market has been shunned due to challenges in transition, but the problems (which should not be underestimated) primarily face the banks and heavy industry, while incomes rise and the middle class grows.

We are living in a world of oversupply – too many commodities, excess labour and too much debt. It is the last which gives us greatest cause for concern as it will lead to distortions and the seeds of the next crisis. Negative yields on two-year Italian bonds were unimaginable only two years ago when Intesa Sanpaolo (Italian Bank) was on offer at 0.5X price to book and our largest holding!

It is, however, the first of these which explains our reticence to add industrials and materials companies that one might think, prima facie, were an opportunity. We find the cyclical neglect that attracts us is in companies with greater price-making attributes like Ericsson, Cisco and Corning.

The BRATS (Brazil, Russia, Australia, Turkey and South Africa) were spoiled by the resources boom and face a need to reform; recent political change here may be bringing Australia's debate forward. The US dollar dominates our portfolio but as it has become increasingly popular, we have chosen to repatriate our portfolio's cash back home to the Australian dollar for now and reduce some of the other hedges.

During 2015, China has generated about one third of the Portfolio's return, despite peaking in May; adding Japan takes the Asia-Pacific region to above half the returns. Currency management has been beneficial and shorts have helped over the last six months. On a sector basis, half the returns can be attributed to technology, with healthcare, consumer and financials also significant. With long holdings on a median P/E of 15x, below the 16x of either cyclically-challenged Australia or the earnings-challenged US, and with some protection in the Portfolio, we are comfortable with what we own.