

## Facts

Portfolio value	\$373.07 mn	
Portfolio inception	29 June 1994	
Current share price	\$1.90	
Current dividend yield	6.32% fully franked	
<b>Pre-tax NAV</b>	<b>\$1.5846</b>	NAV retained earnings &
Post-tax NAV	\$1.5453	dividend profit reserve
NAV franking	11.18 cps	Realised franking
		25.18 cps
		7.25 cps

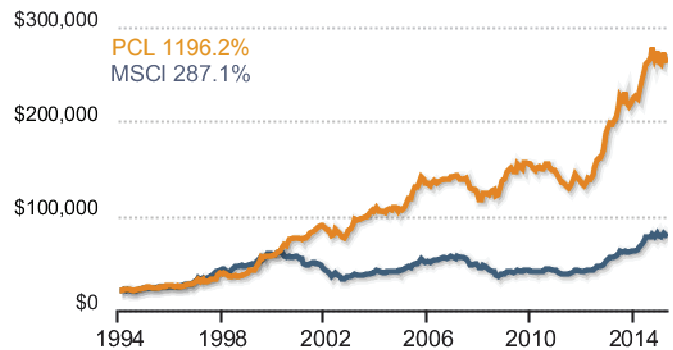
## Performance<sup>1</sup> (Pre Tax, after base fees)

	FUND %	MSCI %
1 month	(1.52)	(2.20)
3 months	0.81	1.38
6 months	(1.47)	0.47
1 year	8.31	9.82
2 years (compound pa)	7.17	11.83
3 years (compound pa)	19.91	21.24
5 years (compound pa)	11.74	13.62
7 years (compound pa)	10.92	10.04
10 years (compound pa)	7.19	4.84
Since inception (compound pa)	12.65	6.50

## Fees

Management fee:	1.5% p.a. of the portfolio value <sup>#</sup>
<sup>#</sup> Per shareholder resolution passed at the 2015 AGM, as from 1/1/2016, performance fee will be 1.1% p.a. of the portfolio value as from 1/1/2016.	
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% <sup>^</sup>
<sup>^</sup> Per shareholder resolution passed at the 2015 AGM, as from 1/1/2016, performance fee will be 15% of the amount by which the portfolio's annual return (at 30 June) exceeds the MSCI AC World Net Index (AS) return.	

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



Source: Factset and Platinum

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

	LONG %	NET %	CURRENCY %
Australia	0.4	0.4	9.0
Brazil	0.0	0.0	0.1
Canada	0.7	0.7	0.9
China	4.5	4.5	(5.5)
China Ex PRC	14.6	14.6	
Hong Kong	1.3	1.3	11.6
France	4.1	4.1	
Germany	2.9	2.9	
India	5.7	5.7	5.9
Italy	4.5	4.5	
Japan	9.5	9.5	10.3
Korea	5.9	5.9	2.7
Malaysia	0.7	0.7	0.8
Nigeria	0.2	0.2	0.2
Norway	0.6	0.6	4.6
Russia	0.8	0.8	
Sweden	2.6	2.1	2.6
Switzerland	0.5	0.5	0.5
United Kingdom	6.7	6.7	4.3
United States	19.9	6.9	49.8
Vietnam	2.1	2.1	0.1
Zimbabwe	0.5	0.5	
	88.9	75.3	
China Renminbi Off Shore			(6.3)
Euro Currency			8.4
Cash	11.1	24.7	
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Long - 98 stocks, 5 swaps, 1 bond      Short - 2 stocks, 1 index

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

STOCK	COUNTRY	INDUSTRY	%
Samsung Electronics Co Ltd	Korea	Info Technology	3.4
China Pacific A share P-Note	China	Financials	2.8
Ericsson LM-B	Sweden	Info Technology	2.6
Alphabet Inc	USA	Info Technology	2.6
Tencent Holdings Ltd	China Ex PRC	Info Technology	2.5
AstraZeneca PLC	UK	Health Care	2.5
Carnival Corp	UK	Cons Discretionary	2.4
Intesa Sanpaolo SpA	Italy	Financials	2.2
Eni SpA	Italy	Energy	2.0
Cisco Systems Inc	USA	Info Technology	1.8

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

SECTOR	LONG %	NET %
Info Technology	25.8	25.8
Cons Discretionary	13.6	13.6
Financials	11.6	11.6
Health Care	8.8	7.3
Industrials	7.5	7.0
Consumer Staples	6.2	6.2
Energy	4.3	4.3
Materials	3.9	3.9
Utilities	3.8	3.8
Telecom Services	2.8	2.8
Other*	0.6	(11.1)

\* Includes index short position

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.

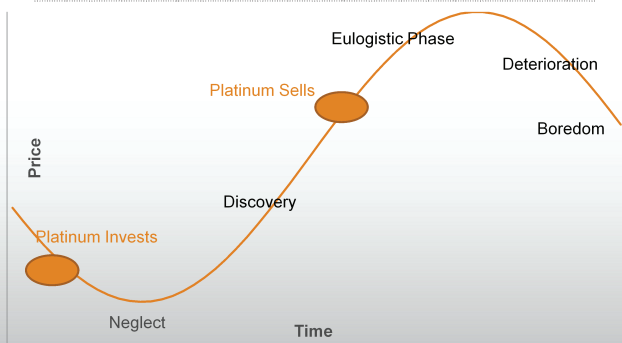
The "Currency %" represents the currency exposure for the Company's Portfolio, taking into account currency hedging.

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

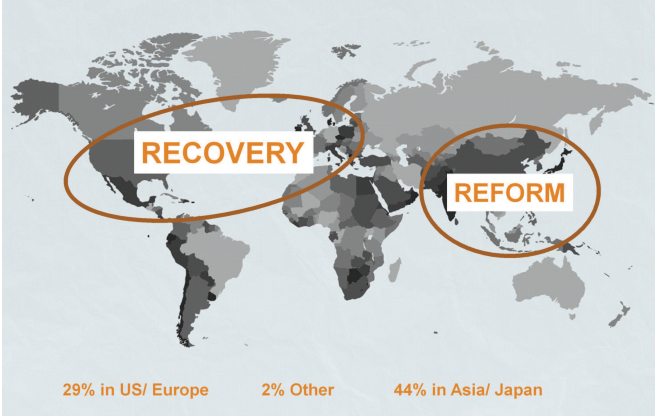
### ASIA'S REFORM

- 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)	7%	20%

Source: Platinum Capital Limited (at 31.12.15), MSCI, (weight at 31.12.15), IMF 2014, UN 2015



## Market update and Commentary

The Federal Reserve's long awaited and much telegraphed move away from zero interest rates to 0.25% was a market non-event; perhaps another lesson in the danger of focusing on the media and listening too closely to vociferous "experts". We remain in a world of very cheap money which has already led to capacity excesses and will, down the track, lead us to the unintended consequences of a likely misallocation of capital.

The last six months saw tremors in the China market, a collapse of many commodity prices, gnashing of teeth around US rates, trouble for the most highly indebted, and yet point-to-point (a short timeframe in investment terms), markets were basically flat. The narrowing to selective leaders, however, such as our major contributor Alphabet (formerly Google) suggests we are moving from a macro market towards one that should start to reward stock-pickers.

We have long decried the concentration in typical Australian portfolios and still see little evidence of a major shift in mindset despite the cracks appearing in the banks, resources and supermarket business models, as well as a long road ahead to competitiveness. The Australian dollar may have some stabilisation after such a fall and we have brought the Company's cash of around 10% back onshore for now, though at some point we still expect it to resume its downtrend. Over the last three years, the Platinum Capital Limited has returned 20% compound per annum, comparing very favourably with the local market return of 9% pa and in line with global markets, despite the lower net exposure to the hitherto market champ, the S&P 500.

The vista of opportunity still exists if one remains mindful of the risks caused by excess capacity, excess debt (the two are inextricably linked), slow growth, misallocations and gyrations in currencies. One can instead focus on what we are calling "new cyclicals", the likes of Ericsson, Intel, Samsung, Cisco, European banks and Asian insurers, alongside innovators capturing the internet opportunity where Google, Tencent, Baidu and Paypal are among the winners. The Chinese consumer is a structural story that we think is being mispriced while the market struggles to correctly weight the risks in the country's transition.

China was the largest contributor to the Company's return over the last year and over half our return came from our Asia-Pacific investments. IT, financials and healthcare led the sector returns. Short-selling made a small positive contribution in the more turbulent second half, while active FX positions also added a little to return.

With our long positions 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 Company, we are comfortable with the stocks we own.

The Platinum Capital Ltd Quarterly Report will be available on our website, [www.platinum.com.au](http://www.platinum.com.au), from mid-January 2016 and mailed out by month end.