

Facts

Portfolio value	\$411.5 mn
Portfolio Inception	29 June 1994
Current share price	\$1.225
Current dividend yield	4.90%
Pre-tax NTA	\$1.4146
Post-tax NTA	\$1.4262
Maximum franked dividend	6.45 cps
NTA retained earnings & div profit resv.	9.22 cps

Performance ¹

	Company % (Pre-tax NTA)	MSCI %
1 month	1.33	3.50
3 months	(7.68)	(9.99)
6 months	(6.76)	(2.85)
Calendar year to date	(9.53)	(6.53)
1 year	(5.61)	2.18
2 years (compound pa)	(2.76)	7.30
3 years (compound pa)	4.70	9.20
5 years (compound pa)	4.42	8.33
7 years (compound pa)	10.03	13.41
10 years (compound pa)	7.73	10.77
Since inception (compound pa)	11.43	7.00

PMC's returns are calculated after the deduction of fees and expenses, adjusted for taxes paid and any capital flows and assume the reinvestment of dividends. PMC's returns have not been calculated using PMC's share price.

Invested positions ³

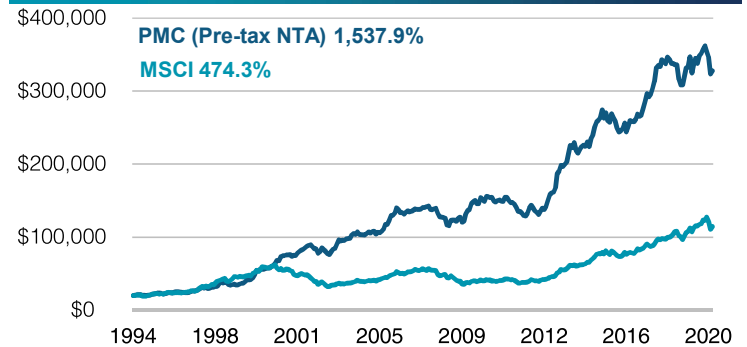
	Long %	Short %	Net %	Currency %
Asia-Pacific	43.7	(5.1)	38.6	57.0
Australia	0.8	(2.6)	(1.8)	10.6
China	4.8		4.8	4.8
China Ex PRC	14.7		14.7	
Hong Kong	1.9		1.9	11.7
India	1.9		1.9	2.0
Japan	13.8	(2.5)	11.3	22.0
Korea	5.7		5.7	5.7
Thailand	0.3		0.3	0.3
Europe	18.1	(2.0)	16.1	28.8
Austria	0.9		0.9	
Denmark	0.4		0.4	0.4
France	2.9		2.9	
Germany	4.0	(2.0)	2.0	
Ireland	1.2		1.2	
Italy	1.3		1.3	
Spain	1.9		1.9	
Switzerland	4.4		4.4	2.0
United Kingdom	1.0		1.0	4.6
Euro				19.8
Norwegian Krone				2.1
North America	26.6	(12.4)	14.2	13.5
Canada	2.3		2.3	1.9
United States	24.3	(12.4)	11.9	11.6
Other	0.7		0.7	0.7
Brazil	0.5		0.5	0.4
Zimbabwe	0.2		0.2	0.2
Sub-Total	89.1	(19.5)	69.6	100.0
Cash	10.9		30.4	
Total	100.0		100.0	100.0

Long - 78 stocks, 2 swaps Short - 16 swaps, 4 indices

Fees

Management fee:	1.1% p.a. of the portfolio value
Performance fee:	Payable at 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 ²



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Top ten positions ⁴

Stock	Country	Industry	%
ZTO Express Inc	China	Industrials	3.4
Samsung Electronics Co Ltd	Korea	Info Technology	3.3
Ping An Insurance	China	Financials	3.1
Facebook Inc	United States	Comm Services	2.7
Alphabet Inc	United States	Comm Services	2.6
China Overseas Land & Investment	China	Real Estate	2.5
Glencore plc	Switzerland	Materials	2.4
Bayerische Motoren	Germany	Cons Discretionary	2.4
Takeda Pharma Co	Japan	Health Care	2.3
Microchip Technology	United States	Info Technology	2.3
Total			27.1

Industry breakdown ³

Sector	Long %	Short %	Net %
Info Technology	16.8	(2.1)	14.7
Industrials	13.5	(0.3)	13.2
Financials	10.9		10.9
Consumer Discretionary	13.3	(3.7)	9.7
Health Care	9.6		9.6
Materials	11.5	(2.6)	8.9
Communication Services	8.3		8.3
Real Estate	2.5		2.5
Energy	2.1		2.1
Consumer Staples	0.5	(3.1)	(2.6)
Other		(7.8)	(7.8)

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1. & 2. Source: Platinum for portfolio returns and Factset Research Systems for MSCI returns. The returns are calculated relative to the MSCI All Country World Net Index in A\$ (except the gross MSCI Index was used prior to 31/12/98). The investment returns in the line graph are cumulative on A\$20,000 invested in PMC since inception. Past performance is not a reliable indicator of future returns. Platinum does not invest by reference to the weightings of the index. The index is provided as a reference only.

3. The geographic "Long %" is the exposure to long securities and long securities/index derivative positions, the geographic "Short %" is the exposure to short securities and short securities/index derivative positions and the geographic "Net %" is the difference between the geographic "Long %" and the geographic "Short %", each as a percentage of the market value of the Fund's portfolio. The "Currency %" is the effective currency exposure as a percentage of the market value of the Fund's portfolio taking into account long and short securities, cash, forwards and long and short securities/index derivative positions. The cash "Long %" includes cash at bank, cashflows expected from forwards and effective cash exposures resulting from long securities/index derivative positions, the cash "Short %" includes effective cash exposures resulting from short securities/index derivative positions and the cash "Net %" is the difference between the cash "Long %" and the cash "Short %", each as a percentage of the market value of the Fund's portfolio. For the "Industry breakdown", index positions (whether through ETFs or derivatives) are only included under the relevant sector if they are sector specific, otherwise they are included under "Other".

3. and 4. China generally refers to securities or derivatives over securities, which securities are listed on the Shanghai or Shenzhen stock exchange. China Ex PRC generally refers to securities or derivatives over securities, which securities are listed outside of the PRC but provide exposure to PRC companies.

4. The "Top ten positions" show PMC's top ten securities positions as a percentage of PMC's portfolio value (including long securities and long securities derivative positions).

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- Despite the April rally, we are not convinced that we are in the clear; preferring to act as if we have had first warning of a bear market.
- Maintaining a relatively cautious approach to market – hoping to have opportunity to deploy more capital into future sell-offs.
- Bifurcation between “growth and defensives”¹ and “cyclicals”² widens further from already extreme levels.

April 2020 Update: April saw the continuation of a rally from March lows as hope built about the world going “back to work” and enthusiasm for a medical solution (vaccine and/or treatment) grew, with the portfolio containing some of the prospective winners here.

In simple terms, forced removal of labour from the economy caused a global recession. We have argued that markets will struggle to make a sustained recovery until there is a clear path to a “return to work”. Our current view is that the market is getting ahead of itself in terms of enthusiasm. We can see a scenario where we revisit the recent March lows for global markets. These include a slower recovery than optimists are hoping for, further economic setbacks, and the clear and present danger of a “second wave”.

Our responsibility is to protect investors from permanent impairment of capital and hence we have a “bar bell” approach, with a long portfolio well-positioned for market recovery, coupled with a significant and actively managed short portfolio to protect from the downside.

Current snapshot: The big uncertainty remains the damage that has been done by recent events. Trying to work out what getting the economy back to, say, 90% challenges one’s imagination, as does working out who picks up the tab for governments’ efforts to redistribute the burden. So as of Fund

today, we are still some way from “clear vision” but markets after the rally have not fallen that far. We are approaching it through the lens of the first warning of a bear market, rather than the all-clear. As of 6 May, the portfolio is 88% long, 20% short for a net position of 68%. We have 11% exposure to the Australian dollar. The biggest increase in sector exposure has been to travel, where we seek long term winners with strong balance sheets who can withstand setbacks.

Perspective: During 2019, we were cautious as valuations moved higher, and struggled with divergence between expensive growth / defensives and the market.

The coronavirus-induced sell-off validated our caution. Energy/Materials were however punished again, with an oil shock on top of an economic slowdown. We are confident in our case for migration to electric vehicles, but there is more uncertainty around the case for offshore oil capex, so we have not topped up these positions.

Performance: Portfolio outcomes were influenced by markets. The categorisation of “growth and defensive” versus “cyclicals” is instructive, as is geography, over the sell-off (20 February to 23 March) and the quarter.

Even during the sell-off, Gilead Sciences (leading race for COVID-19 treatment), Moderna (leading COVID-19 vaccine candidate) and Chinese logistics leader ZTO made positive contributions. China Overseas Land, Tencent and Barrick Gold joined these as top contributors for the quarter, alongside Nasdaq shorts. An average return³ of 17% for the quarter from the portfolio’s Health Care names stood out.

Quarter To 30/04/20	Average Weight %	Contribution %	Average Return %	Sell-Off 20/02 to 23/03	Average Weight %	Contribution %	Average Return %
Growth/Defensive	32	+1	+3	Growth/Defensive	30	-5	-17
Cyclicals	53	-9	-16	Cyclicals	52	-16	-31
Shorts & cash/FX	18 & 15	0		Shorts & cash/FX	17 & 18	+7	
Total	67	-8		Total	65	-14	
Asia Pacific (Net)	39	-3		Asia Pacific (Net)	40	-7	
Rest of world (Net)	28	-6		Rest of world (Net)	25	-9	

Valuation: Earnings forecasts at this stage have lesser value than normal but we can look at the valuation of the portfolio against historic earnings to get a sense of the earnings power of the portfolio in a recovery.

Metric	Platinum Capital Ltd	MSCI AC World Net Index (A\$)
LTM (Last 12 Months) Earnings Yield	8.5% (Price to Earnings ratio of 11.8x)	6.1% (Price to Earnings ratio of 16.3x)
LTM (Last 12 Months) Dividend Yield	3.2%	3.3%
Price-to-Book-Ratio	1.3	2.0
Enterprise Value-to-Sales	1.2	1.4

The valuations in the table refer to the long portion of the portfolio, excluding negative net earnings, and using FactSet consensus earnings.

¹ Defined for purpose of this report, and used throughout as the following sectors of the MSCI ACWI, with their % returns over the quarter to 30 April 2020 in parenthesis: Health Care (+3), IT (-3), Communications (-4), Staples (-6), Utilities (-14).

² Defined for purpose of this report, and used throughout as the following sectors of the MSCI ACWI, with their % returns over the quarter to 30 April 2020 in parenthesis: Discretionary (-6), Materials (-10), Real Estate (-16) Industrials (-18), Financials (-23), Energy (-27).

³ Average return is Contribution divided by Average Weight.

Past performance is not a reliable indicator of future returns.