

Platinum Asset Management Limited

Kerr Neilson, Managing Director

Analyst Briefing
26 February 2016

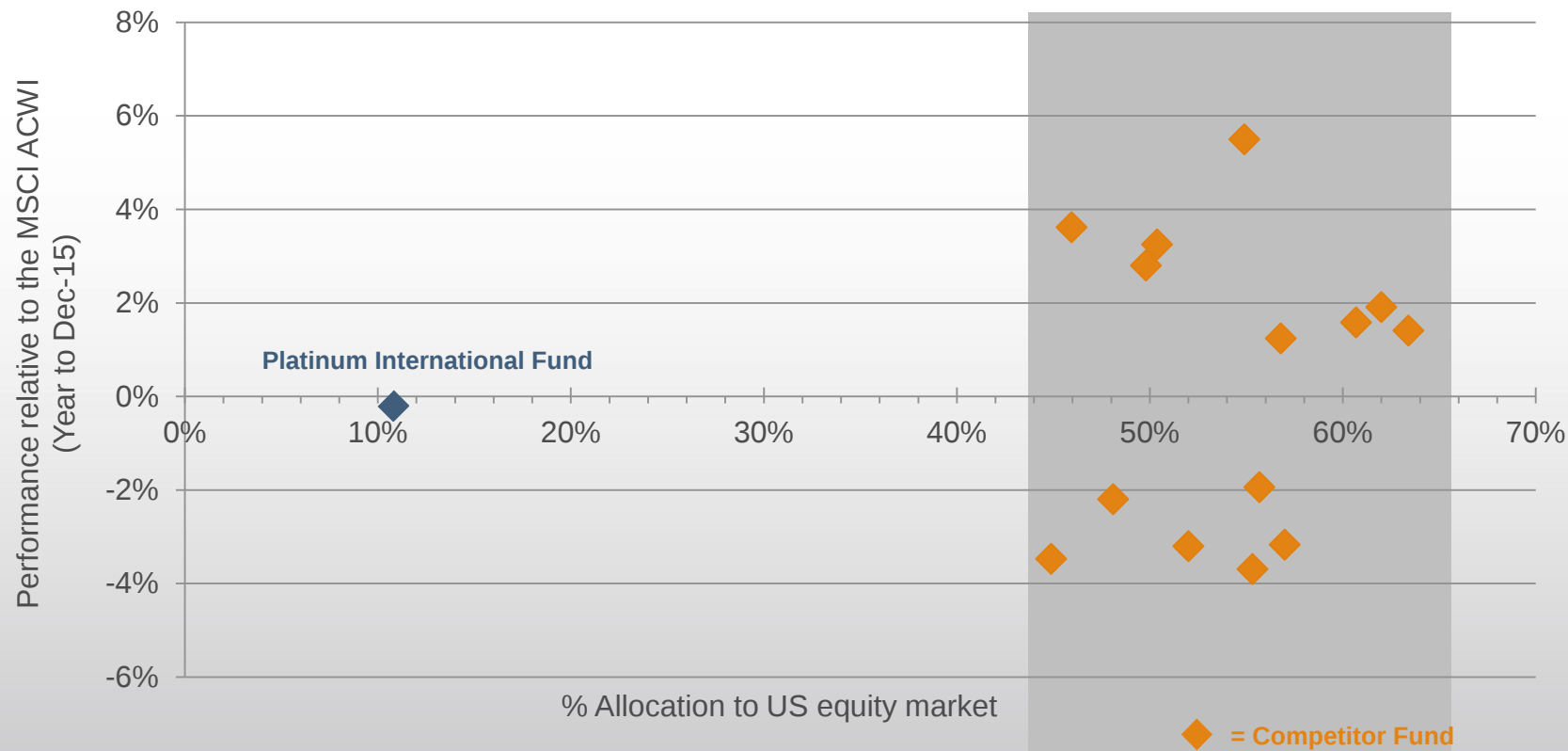
6 months to December 2015: Highlights

- Dec-15 net inflows were up 59% compared to Dec-14 (yoy) and up \$615m since 30 Jun. (For clarity, A\$89mn was PTM's capital co-invested.)
- Closing Dec-15 AUM up 4% on Dec-14 but flat compared to Jun-15 with market declines mostly offsetting net inflows
- New Listed Investment Company, PAI, debuted in September – funds raised \$263m net
- New Irish UCITS fund range, Platinum World Portfolios, was seeded in November - FuM US\$25m over three funds (World, Asia, Japan)
- Profit After Tax up 19% on Dec-14 and 6% on the previous half since 30 Jun
- Interim dividend of 16 cps

Our services are highly differentiated...

Funds with large allocations to the US market are participating in an increasingly crowded trade.

Competitor International Equity Funds
As at December 2015



Source: Platinum. Competitor data obtained from Fund or Platform websites. Funds selected are Australian registered International Equities funds with FuM >\$300m and a long international equities bias.

Investment Performance

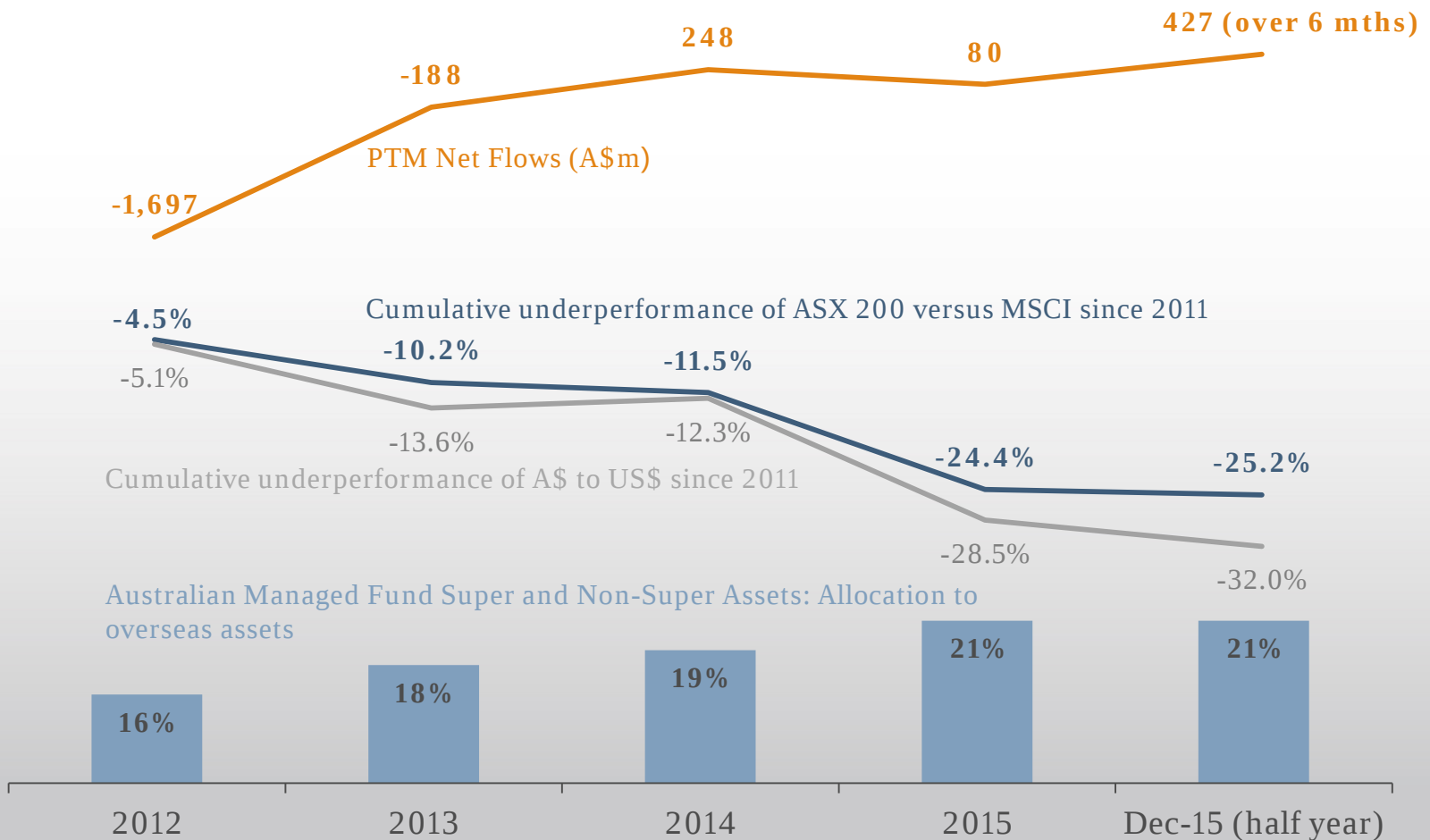
(to 31 Dec 2015)

Long-term performance remains compelling. Absolute return focus and downside protection has detracted from some short-term performance during recent strong investment markets.

Performance of major Platinum Funds (Dec-15)	1 year	5 year	10 year	Since Inception	FuM (A\$b)
International Fund					11.3
- Absolute Return	9.6%	11.8%	7.3%	13.0%	
- Relative Return	-0.2%	-1.8%	+2.5%	+6.7%	
Asia Fund					5.2
- Absolute Return	2.0%	9.5%	9.7%	15.7%	
- Relative Return	-0.2%	+2.6%	+3.5%	+5.9%	
International Brands Fund					1.1
- Absolute Return	8.0%	10.3%	8.9%	12.5%	
- Relative Return	-1.8%	-3.3%	+4.1%	+10.8%	
Japan Fund					0.6
- Absolute Return	25.0%	19.7%	7.6%	15.3%	
- Relative Return	+1.8%	+7.9%	+6.6%	+13.1%	
European Fund					0.5
- Absolute Return	14.4%	13.2%	8.9%	12.0%	
- Relative Return	+5.5%	+2.7%	+5.8%	+9.6%	
Health Care Fund					0.2
- Absolute Return	23.3%	21.8%	11.1%	9.9%	
- Relative Return	+3.7%	-3.4%	+1.7%	+0.2%	
Subtotal (A\$b) % of Total AuM					18.9 71%

The trend to invest more offshore gathers pace.

The falling A\$ and the related slide in the ASX has significantly increased the attractiveness of international equities



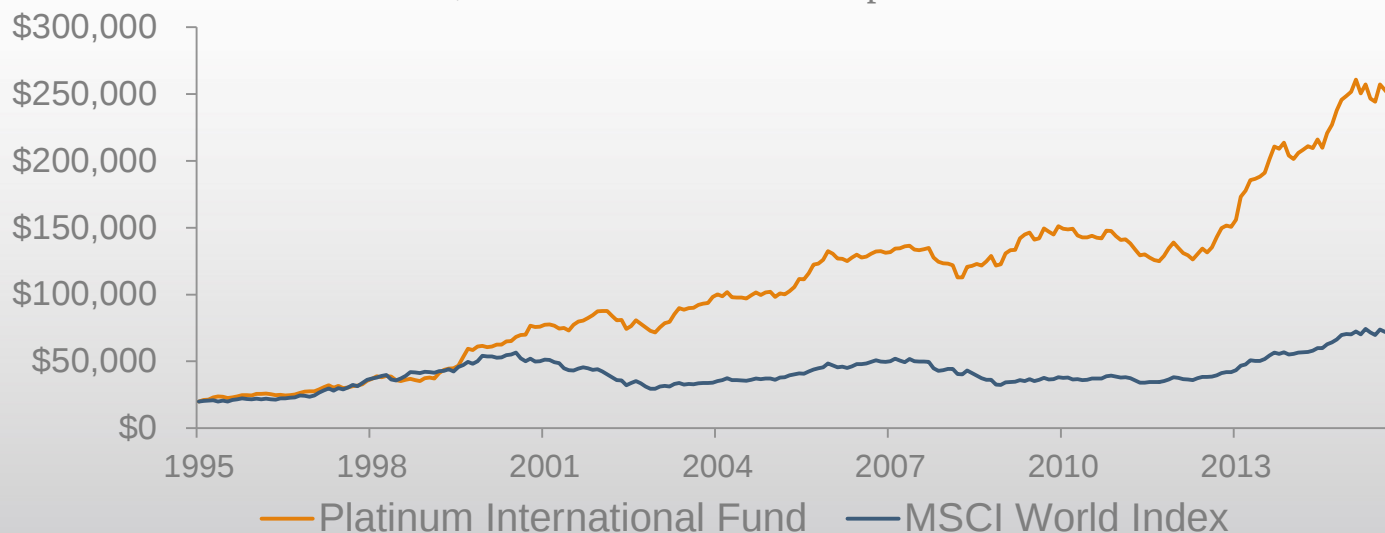
Sources: Platinum, ASX, MSCI, RBA Managed Funds Survey
(Year to June, unless otherwise stated)

A history of building strong accumulated performance...

(% compound pa, to 31 Dec 2015)

	<u>3 mths</u>	<u>1 yr</u>	<u>3 yrs</u>	<u>5 yrs</u>	<u>10 yrs</u>	<u>Since Inception</u>
International Fund	1.8	9.6	20.3	11.9	7.3	13.0
<i>MSCI All Country World Net Index</i>	<i>1.4</i>	<i>9.8</i>	<i>21.3</i>	<i>13.6</i>	<i>4.8</i>	<i>6.3</i>

Value of \$20,000 invested since inception to 31 Dec 2015

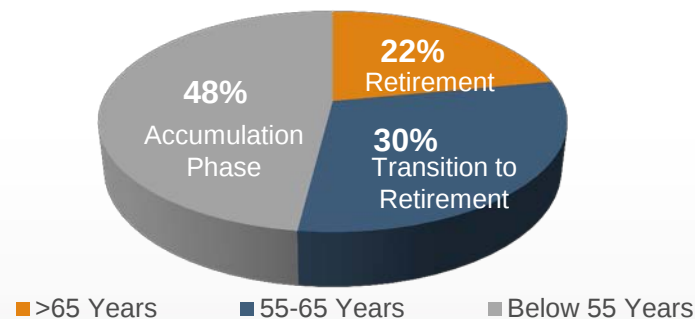


...but demographic shifts are changing the focus of our clients...

The baby boomers are now reaching retirement age

Less than half of all superannuation assets are now in the accumulation phase

Superannuation asset pool by age cohort at June 2015

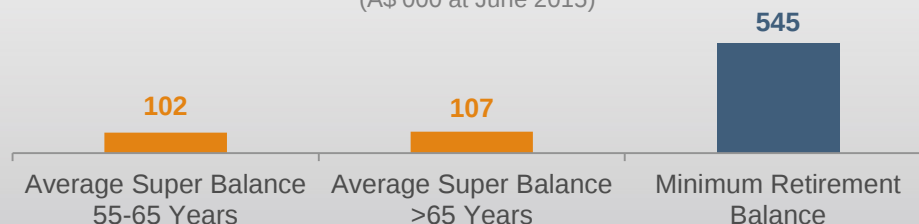


Does increasing longevity risk and a shortage of yield encourage chronically under-funded clients to change their risk preference (equities)...

... but with client demand shifting away from relative returns towards absolute returns and addressing draw-down risk.

Actual v's recommended super account balance¹

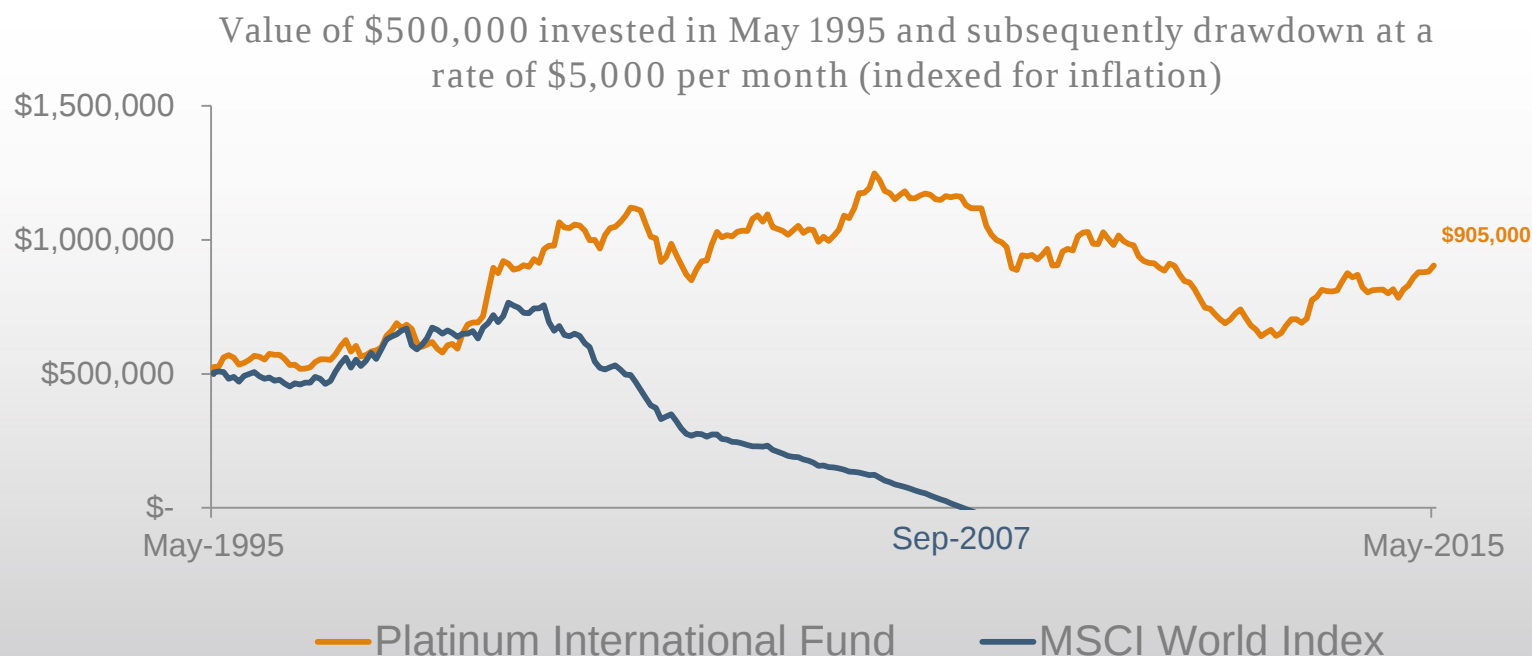
(A\$'000 at June 2015)



¹ Average super balance for age cohort versus ASFA "Minimum Retirement Balance" for a single male (August 2015)

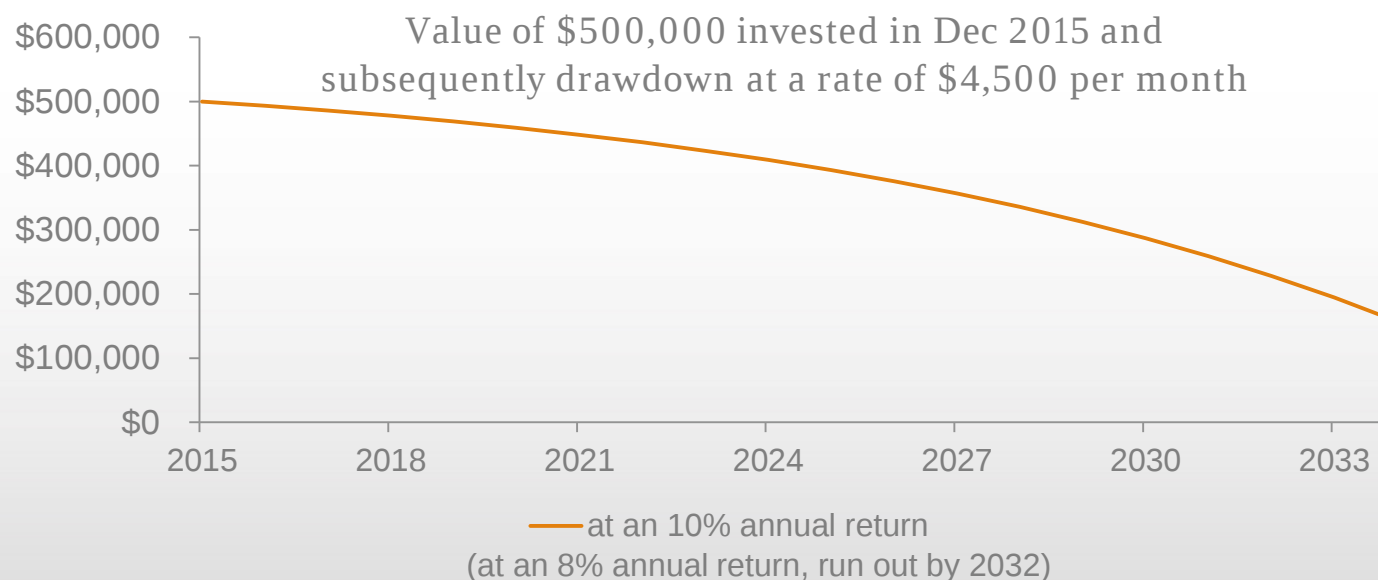
...which Platinum is also well-positioned for

Significant¹ shift from the accumulation to de-accumulation phase over the next decade as boomers retire. Underfunded retirees will need to retain exposure to equities but their focus should shift from relative returns towards absolute returns and downside protection.



...second way to explore this problem

Significant¹ shift from the accumulation to de-accumulation phase over the next decade as boomers retire. Underfunded retirees will need to retain exposure to equities but their focus should shift from relative returns towards absolute returns and downside protection.



Assumptions:

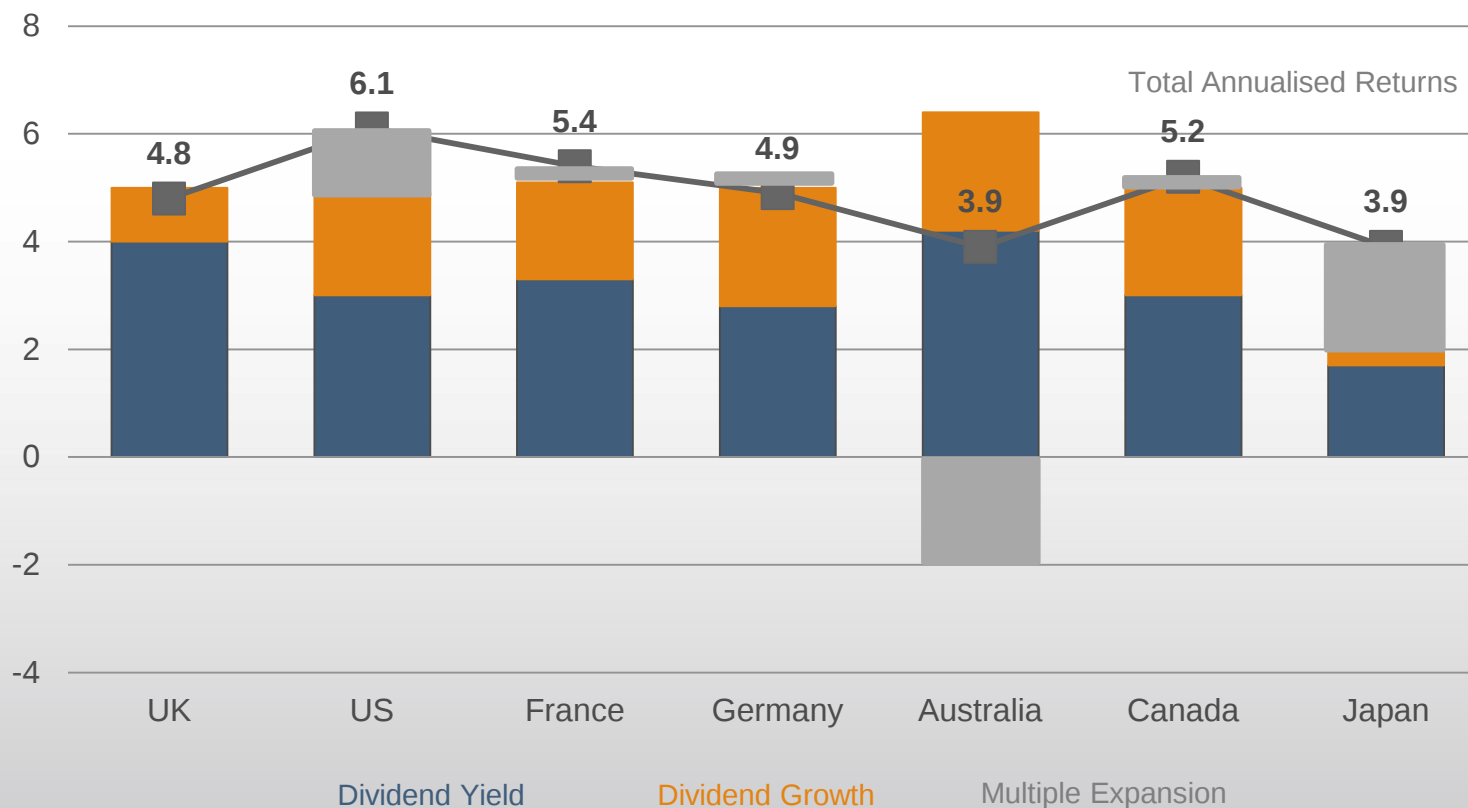
Investor (aged 65) retires in 2015 with \$500,000 and then withdraws \$4,500 per month (\$54,000 per annum).

Outcomes:

At a 10% annual return, the investment has reduced to \$116,000.

What is a realistic return from equities over the next 20 yrs?

Compounding dividends make up the bulk of historic equity returns, 1970-2015



Progress being made across key initiatives

1. Building the local brand with an adviser and direct-to-consumer focus

Segmentation – controllers 20%; information seekers 40%; little or no interest 40%

- 35K PT Fund reports mailed out to investors and advisers each quarter
- expanding *The Journal* section of our website
- national adviser and investor road shows
- regular meetings with advisers, presentations to their clients, analyst involvement
- marketing strategies continue
- continued enhancements to the functionality of our website

2. Expanding our SMSF-focused, listed product range

- Our new LIC, Platinum Asia Investments Limited (PAI) launched September 2015, raised A\$263m net

3. Extending our brand into offshore markets

- 3 European UCIT's Funds launched in Ireland during November 2015, seed funding US\$25m

4. Professional investor development continuing – but long lead times

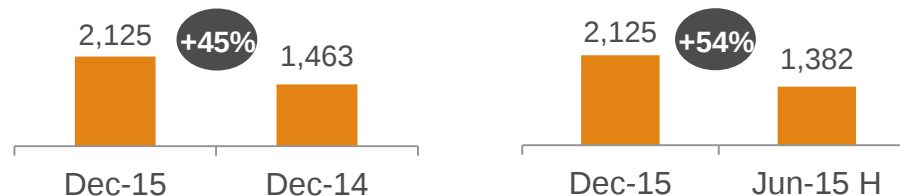
5. Investing in talent – new members joining investment specialists

Outlook

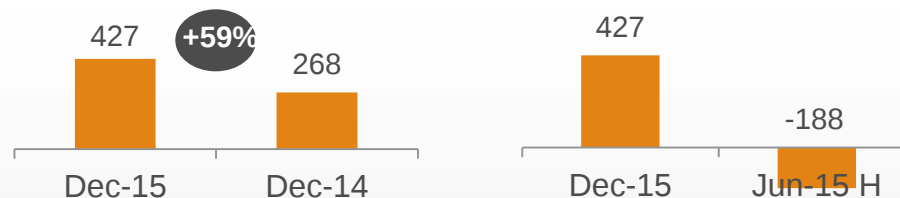
1. Small teams improved orientation; specialist approach generating large idea base.
2. Competitive debasement of currencies – reduces attraction of holding cash.
3. A\$ weakness and more foreign equity exposure probable.
4. Remain index agnostic in a world of shifting goal posts.

Flows & Funds Under Management: 6 months to Dec-15

Gross Inflows (A\$m)



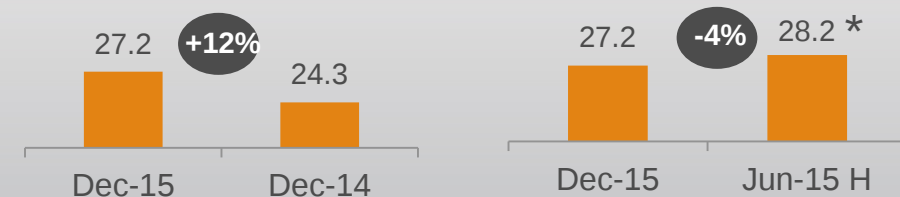
Net Flows (A\$m)



Closing FUM (A\$b)



Average FUM (A\$b)



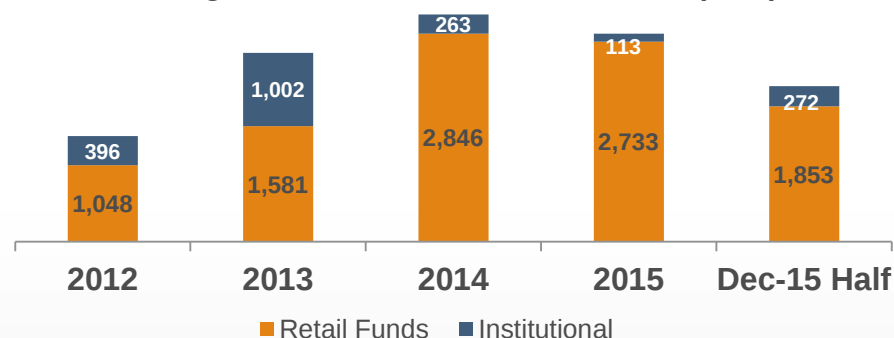
Flows: 6 months to Dec-15

(\$mn)

Gross Flows

- Gross flows for the 6 months to Dec-15 were the strongest in 5 years
- Retail flows were led by flagship funds and the PAIL IPO (+\$263m)
- Client account numbers now exceed 45k, up 3.5% in the half and 11.1% for the calendar year
- Institutional flows were more modest and continue to be lumpy and episodic in nature

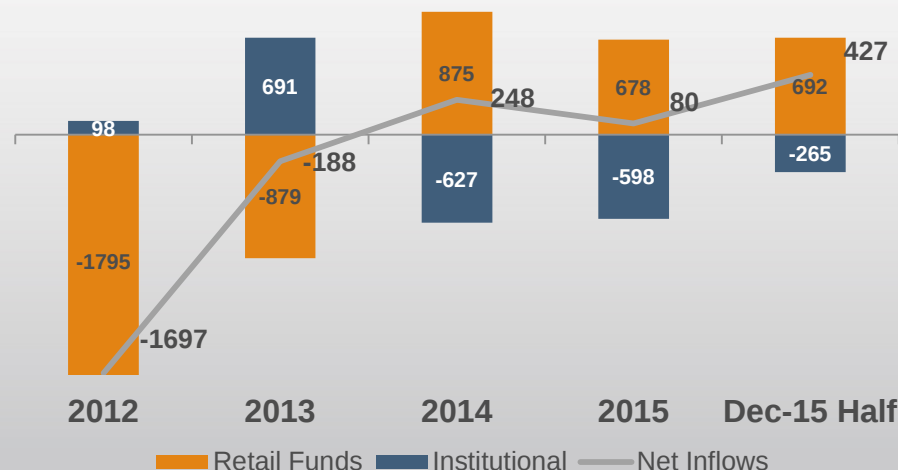
Annual gross flows 2012-2015 & 31 Dec 15 (A\$m)



Net Flows

- Strong recovery in net flows during the 6 months to Dec-15
- Retail net inflows were concentrated in flagship funds (with 6 out of 8 PT Funds experiencing positive net inflows in the half) and the PAIL IPO
- Institutional net outflows (no lost mandates) were concentrated with one major client rebalancing their portfolio

Annual net flows 2012-2015 & 31 Dec 15 (A\$m)



Notes: "Retail Funds" includes Platinum Trust Funds, Platinum Global Mfund, PAI LIC, PMC LIC, MLC Platinum Global Fund. "Institutional" includes performance fee clients within retail funds, mandates and US\$ products.

(Year to June, unless otherwise stated)

Funds Under Management

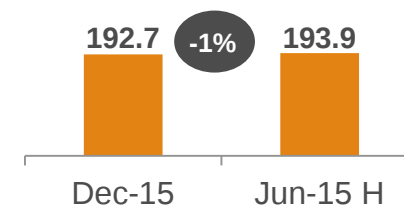
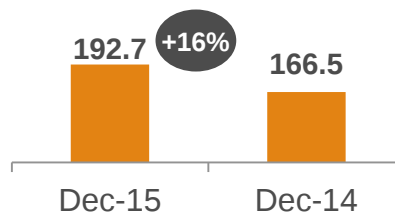
(\$mn, half year to 31 Dec 2015)

FUNDS	OPENING BALANCE (1 JUL 2015)	NET FLOWS	INVESTMENT PERFORMANCE	CLOSING BALANCE (31 DEC 2015)	% OF TOTAL
<u>Retail Funds</u>					
Platinum Trust Funds and Platinum Global Fund	19,117	489	(501)	19,105	71%
Platinum Listed Investment Company's – PMC and PAI	398	263	(5)	656	2%
MLC Platinum Global Fund	1,113	(60)	(8)	1,045	4%
<u>Institutional Funds</u>					
Management Fee Mandates	1,977	(5)	(4)	1,968	8%
'Relative' Performance Mandates ¹	3,545	(201)	17	3,361	13%
'Absolute' Performance Mandates	709	(59)	-	650	2%
TOTAL	26,859	427	(501)	26,785	100%

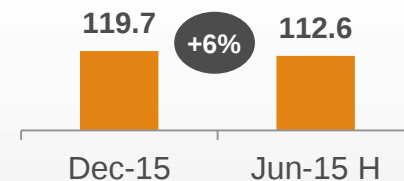
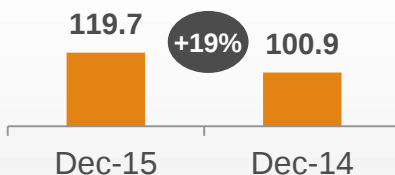
¹ Performance fee calculated to 30 June – all global mandates. The FUM consists of PT Funds (mostly institutional) performance fee clients - \$305mn and super mandates \$3.06bn.

Operating Results: 6 months to Dec-15

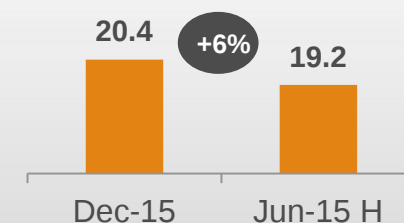
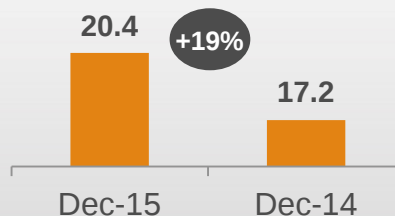
Revenue (A\$m)



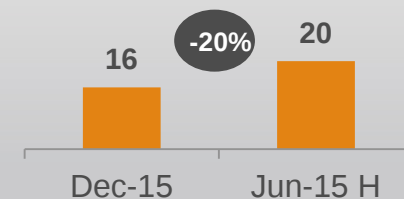
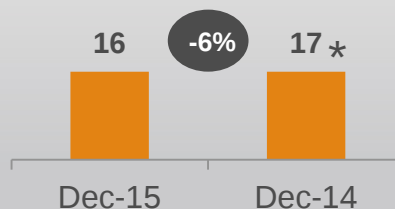
Profit After Tax (A\$m)



Diluted Earnings Per Share (cps)



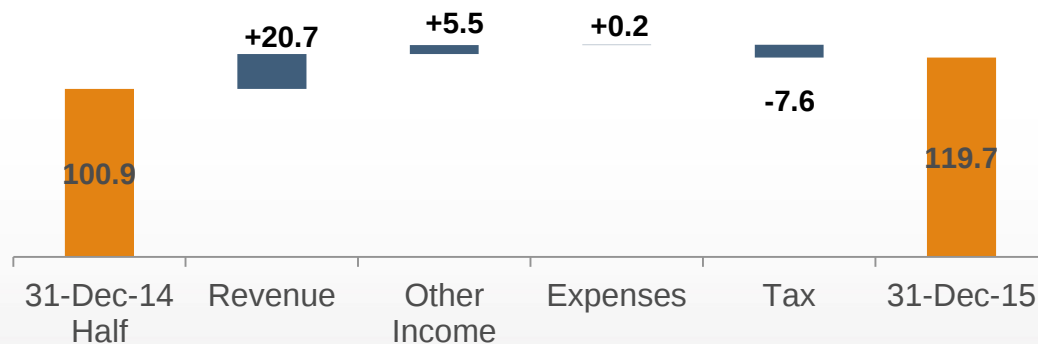
Dividends (Interim, cps, fully franked)



Contributors to half-year Profit After Tax

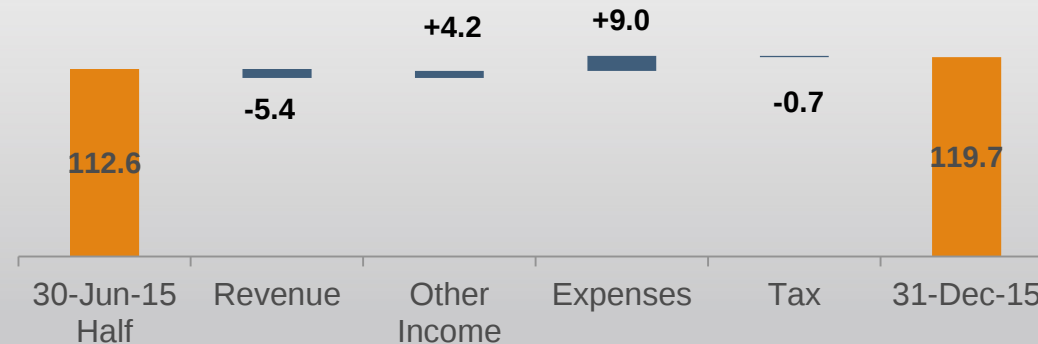
Dec-15 v Dec-14

Cost control allows revenue gains to increase both profits and margins



Dec-15 v Jun-15 H

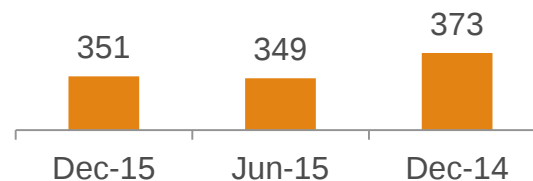
Expense variance is predominantly due to bonuses being paid during Jun-15



Strong Balance Sheet

(as at 31 Dec 2015)

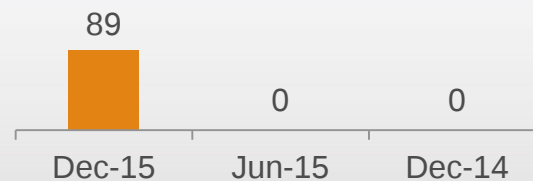
Net Assets (A\$m)



Cash & Term Deposits* (A\$m)



Seed Investments (A\$m)



Dividends (cps)



Disclaimer

Platinum Asset Management Limited ABN 13 050 064 287 has prepared this presentation material.

Performance results shown have been calculated using the Platinum International Fund's unit price and represent the combined income and capital return for the specified period. They are net of fees and costs (excluding the buy-sell spread and any investment performance fee payable), pre-tax, and assume the reinvestment of distributions.

MSCI data has been sourced through MSCI Inc.

Appendix: Detailed Operating Results

(\$M)	Dec-15	Dec-14	% CHANGE	Dec-15	Jun-15 H	% CHANGE
Management and admin fees	175.6	157.0		175.6	181.6	
Performance fees	2.5	0.4		2.5	1.9	
Interest income	2.2	4.0		2.2	3.1	
Net gains/(losses) on FX, FA & other income	12.4	5.1		12.4	7.3	
Total revenue	192.7	166.5	15.7%	192.7	193.9	-0.6%
Staff costs	9.0	8.8	2.3%	9.0	19.1	-52.9%
Custody and unit registry costs	7.4	8.5	-12.9%	7.4	7.8	-5.1%
Business development costs	3.0	2.6	15.4%	3.0	2.2	36.4%
Research	1.2	0.9	33.3%	1.2	1.0	20.0%
Other costs	4.2	4.2	-	4.2	3.7	13.5%
Total costs	24.8	25.0	-0.8%	24.8	33.8	-26.6%
Pre-tax profit	167.9	141.5	18.7%	167.9	160.1	4.9%
Income tax expense	48.2	40.6	18.7%	48.2	47.5	1.5%
Net profit after tax	119.7	100.9	18.6%	119.7	112.6	6.3%
Diluted EPS (c)	20.4	17.2	18.6%	20.4	19.2	6.3%
Average FUM (\$b)	27.2	24.3	11.9%	27.2	28.2	-3.5%
Total no. of shares – issued (mn)	586.7	581.9	0.8%	586.7	586.7	-
Total no. of shares – options (mn)	-	4.8	-100.0%	-	-	-