



Platinum Asset Management Limited

24 August 2018

Kerr Neilson, Founder

Andrew Clifford, Co-Founder

Analyst Briefing



Business Highlights

June 2018

- ◆ Closing Jun-18 FuM of \$25.7B, up 13% on Jun-17 but down 5% on Dec-17 (after distribution of \$1.5B).
- ◆ Net inflows of \$1.0B led by Platinum Trust Funds and supported by new and overseas products (QMFs and UCITS).
- ◆ Significant activity undertaken to build leads in both Europe and the US. However, long lead time for this to become a meaningful contributor to group profits.
- ◆ Expenses up 35% on prior year, mostly due to increased incentive payments related to strong 1 and 3 year investment performance.
- ◆ Earnings per share up 2% on prior year to 32 cps.
- ◆ Final dividend of 16 cps, taking full year to 32 cps, fully franked.
- ◆ The Board generally expects that most, if not all, future profits will continue to be distributed by way of dividends, subject to the ongoing capital requirements of the company.



Investment Performance

As at 30 June 2018

Strong absolute performance

Performance of Platinum Trust Funds (June-18)		1 year	5 year	10 year	Since Inception	FuM (A\$b)
International Fund (PM's: AC, CS)	- Absolute Return	14.2%	12.9%	11.1%	12.8%	10.8
	- Relative Return	-0.7%	-1.3%	+2.6%	+6.0%	
Asia Fund (PM: JL)	- Absolute Return	16.6%	13.8%	10.5%	15.2%	4.5
	- Relative Return	+2.5%	+0.9%	+1.9%	+4.6%	
International Brands Fund (PM: JH)	- Absolute Return	18.0%	13.3%	14.4%	13.2%	0.8
	- Relative Return	+3.0%	-0.9%	+5.8%	+10.2%	
Japan Fund (PM: SG)	- Absolute Return	11.3%	16.5%	14.9%	14.8%	0.8
	- Relative Return	-3.4%	+4.4%	+8.6%	+11.9%	
European Fund (PM: ND)	- Absolute Return	16.2%	13.8%	12.2%	12.2%	1.0
	- Relative Return	+6.9%	+3.3%	+7.5%	+9.2%	
Health Care Fund (PM: BO)	- Absolute Return	18.2%	17.2%	15.1%	10.1%	0.2
	- Relative Return	+8.9%	-1.8%	+2.0%	+1.3%	
Unhedged Fund (long only) (PM: CS)	- Absolute Return	18.6%	15.5%	12.6%	12.0%	0.3
	- Relative Return	+3.6%	+1.3%	+4.0%	+4.8%	
Technology Fund (PM: AB, CR)	- Absolute Return	12.6%	14.2%	11.8%	9.5%	0.1
	- Relative Return	-18.3%	-10.6%	-3.3%	+8.6%	
Subtotal (A\$b)						18.5
% of Total FuM						72%

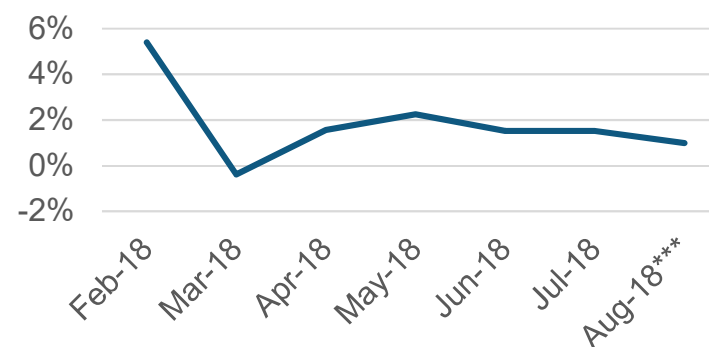
Portfolio Managers: AC = Andrew Clifford, CS=Clay Smolinski, JL= Joe Lai, JH=Jamie Halse, SG=Scott Gilchrist, ND= Nik Dvornak, BO = Bianca Ogden, AB = Alex Barbi, CR = Cameron Robertson



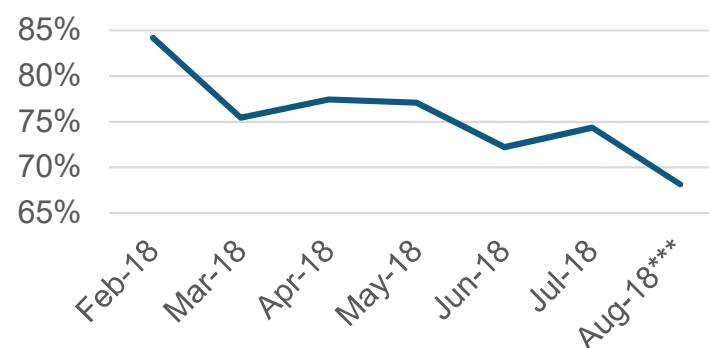
Investment Performance

- A volatile period since the start of the calendar year:
 - 1. Tightening in China
 - 2. Rising US rates and US Dollar
 - 3. Tariffs and trade war threats
- For the first time in 5 years, the US has become the most popular region for asset allocators, despite high valuations*
- In contrast, EM valuations are beginning to look enticing, even after adjusting for the more difficult environment
- The Platinum investment process has responded in the manner that our clients would expect
 - Moving away from the most expensive market, and
 - Gravitating towards value, whilst
 - Increasing overall downside protection in anticipation of volatile markets

Platinum International Fund –
Net exposure** to the US market



Platinum International Fund –
Overall net exposure**



* Bank of America Merrill Lynch Fund Manager survey – August 2018

Net exposure represents the exposure of securities holdings and long and short derivative securities positions. * August 17th 2018

Source: Platinum.

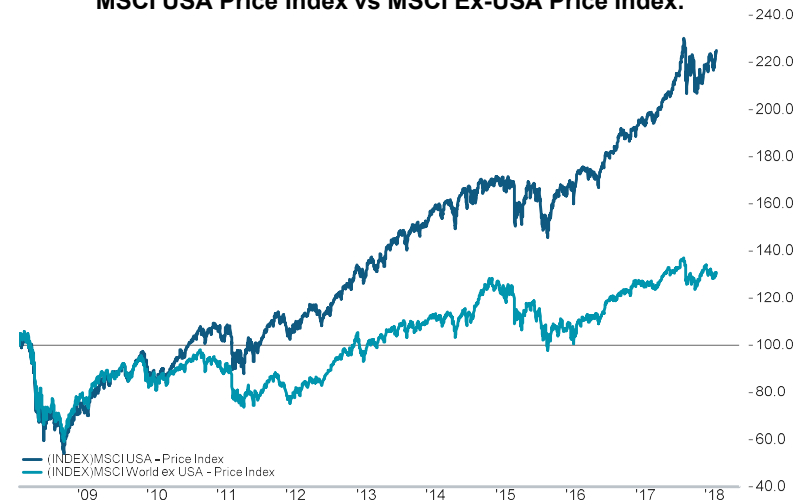


US vs. Non-US Performance

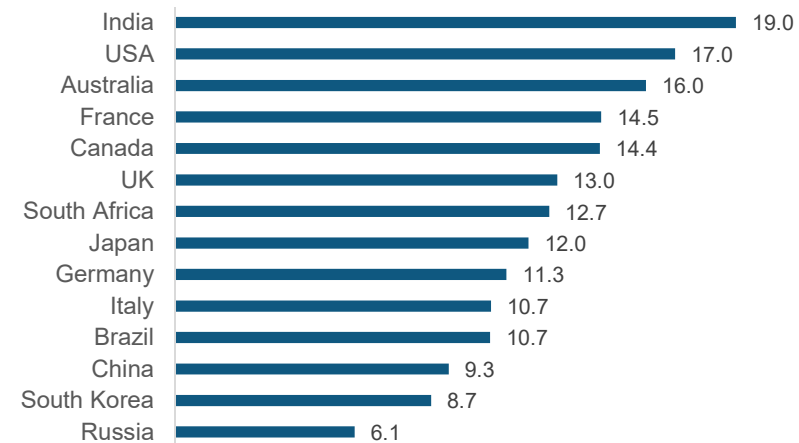
The last ten years have seen an amazing outperformance of the US versus the rest of the world's equity markets....

...but, today, many markets are inexpensive, with several outright cheap: Germany, Korea, Japan and China are reasonably priced (all markets you want to own in a growing and, perhaps, price reflexive world).

MSCI USA Price Index vs MSCI Ex-USA Price Index.

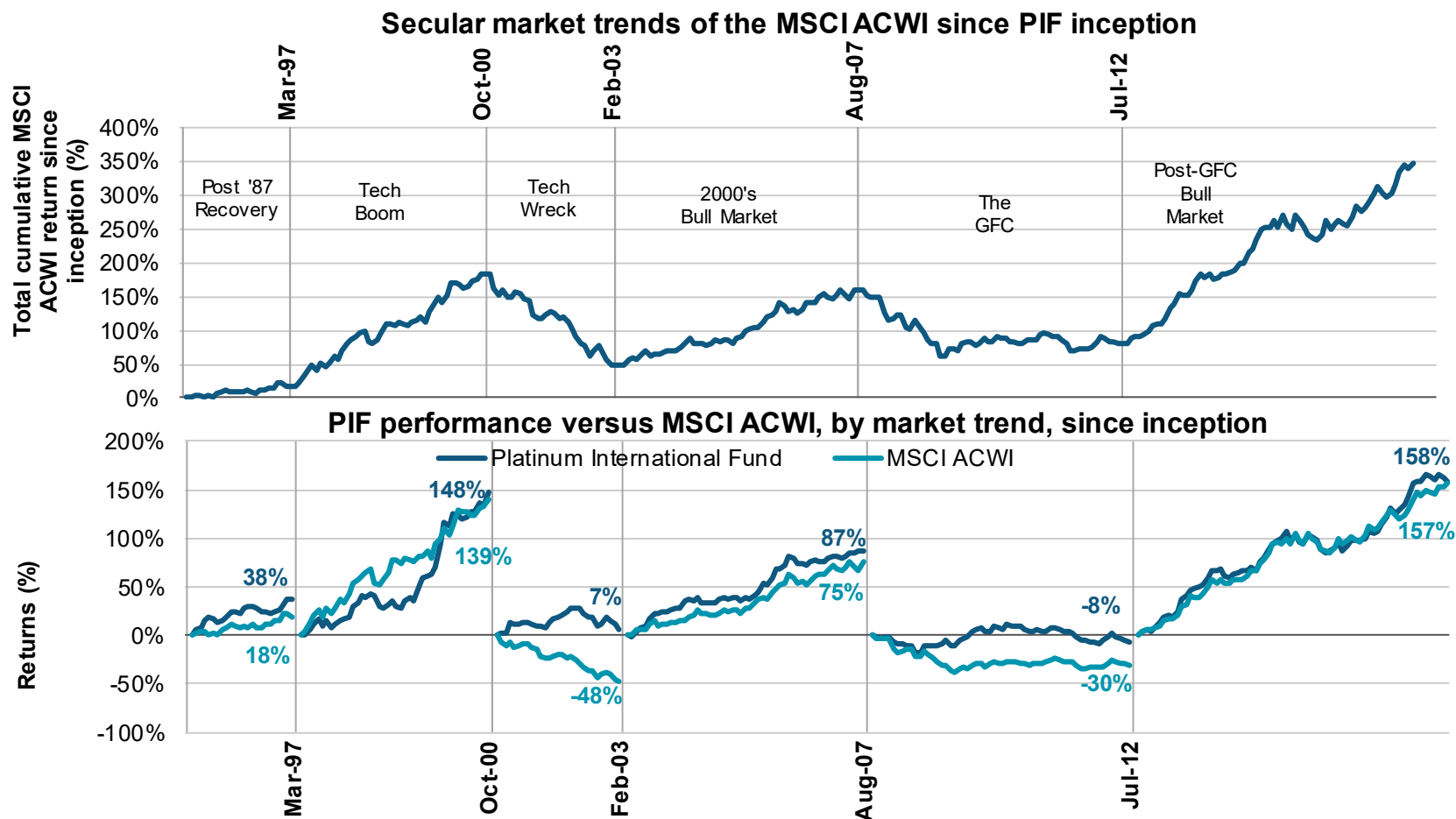


Next 12 months price earnings ratios as at 20 August 2018.



Platinum International Fund

Investment performance: bull and bear market view, as at 30 June 2018



Source: Platinum for fund returns and Rimes Technologies for index returns. Fund returns are calculated using the NAV unit price (C Class) and are pre-tax, net of fees and costs and assume the reinvestment of distributions. Index returns are the returns of the MSCI All Country World Net Index in A\$, with the exception of returns prior to 31 December 1998, where the gross index returns were used as the net index did not exist. All returns are historical. Historical performance is not a reliable indicator of future performance.



Business Update

Significant focus on distribution and client service initiatives during 2018

- ◆ New ASX Quoted Managed Funds (QMFs) have gained good traction since launch. A\$341m inflows, ≈8,000 investors, ≈2/3rds new*. Launch supported by focused and sustained advertising campaign.
- ◆ European UCIT's continue to attract interest (FuM ≈ A\$0.4b**).
- ◆ New US distribution arrangement has commenced. Initial roadshows to prospective US institutional clients have been held and appropriate investment vehicles have been established.
- ◆ New website was successfully launched in November 2017. Includes new client secure site features. Commitment to ongoing development to enhance new and existing client experience. A new brand focused advertising campaign has commenced.
- ◆ Support for advisors has intensified. Increased activity by our Investment Specialists, supported by Investment Team members as required.

Source: Platinum.

8 *As at 1-Aug18 there were 2,621 unit holders in PAXX and 5,725 unit holders in PIXX. Estimate of the number of new investors was based on Jan-18 data.

** As at 30 June 2018



Business Update (cont.)

The Hayne Royal Commission will likely cause the Australian funds management industry to evolve, hopefully for the better

- ◆ The Royal Commission has highlighted many manipulative industry practices, particularly around trail commissions, rebates and undisclosed fund manager fee sharing arrangements*.
- ◆ Platinum has always charged the same fee for its retail Platinum Trust Funds, no matter if the fund is on a platform or accessed directly.
- ◆ Platinum's has never entered into fee sharing arrangements in return for Platinum Trust Fund flows.
- ◆ If the Hayne Royal Commission results in changes to these practices, there could be a significant levelling in the playing field for fund managers, one that Platinum is well positioned for.

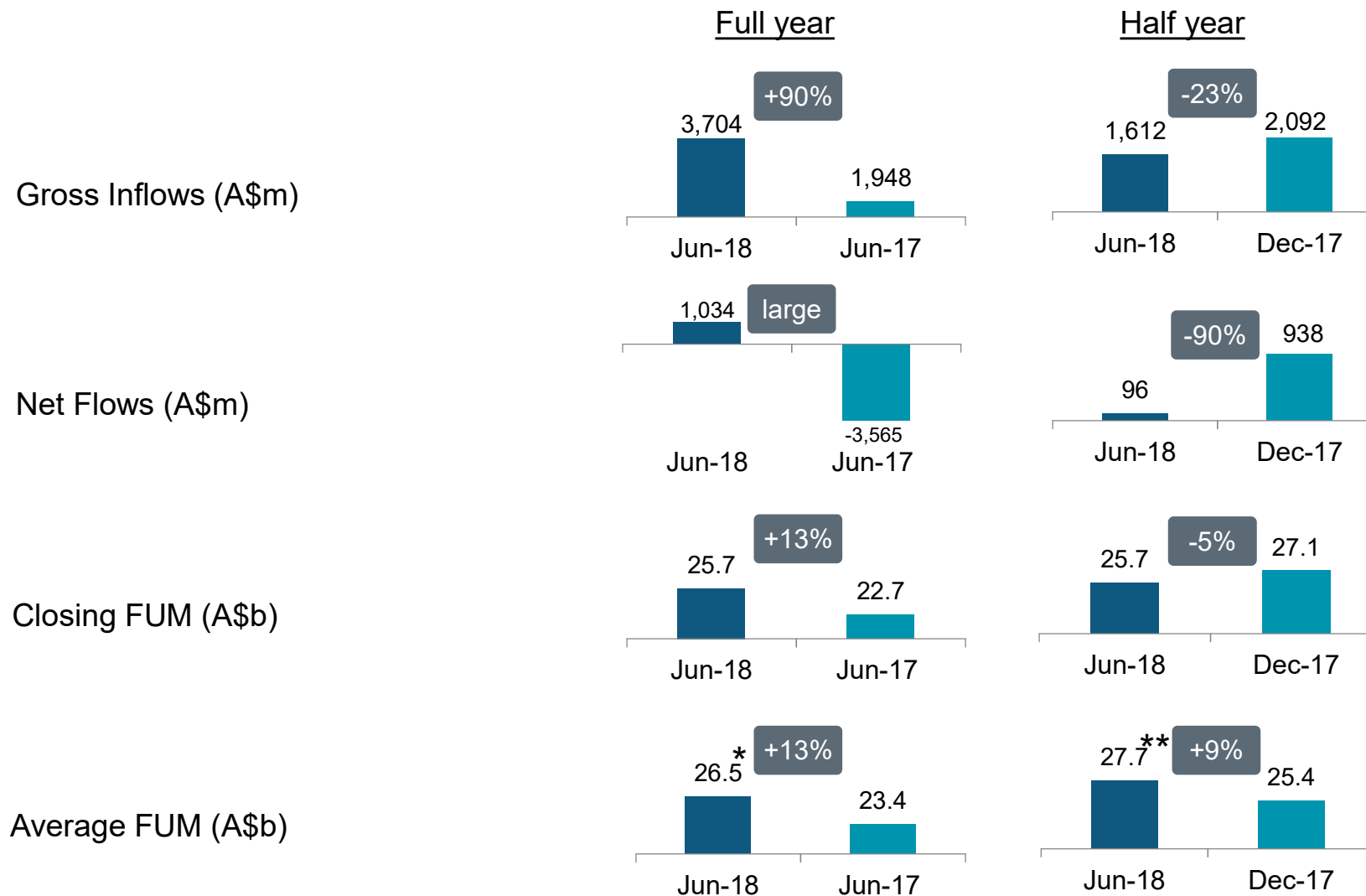


Looking ahead

- ◆ **Will remain an investment led business**
- ◆ **Platform for growth established**
 - Increased engagement with local market
 - European business underway
 - US distribution agreement with Access Alpha, appropriate investment vehicles created
- ◆ **Continued focus on improving client access to our investment offer**
- ◆ **Continuing to refine processes across all aspects of the business**



Flows & Funds Under Management



Source: Platinum.

11 * Monthly average for the 12 month period to 30 June 2018. FUM excludes impact of annual distributions.

** Monthly average for the relevant 6 month period.



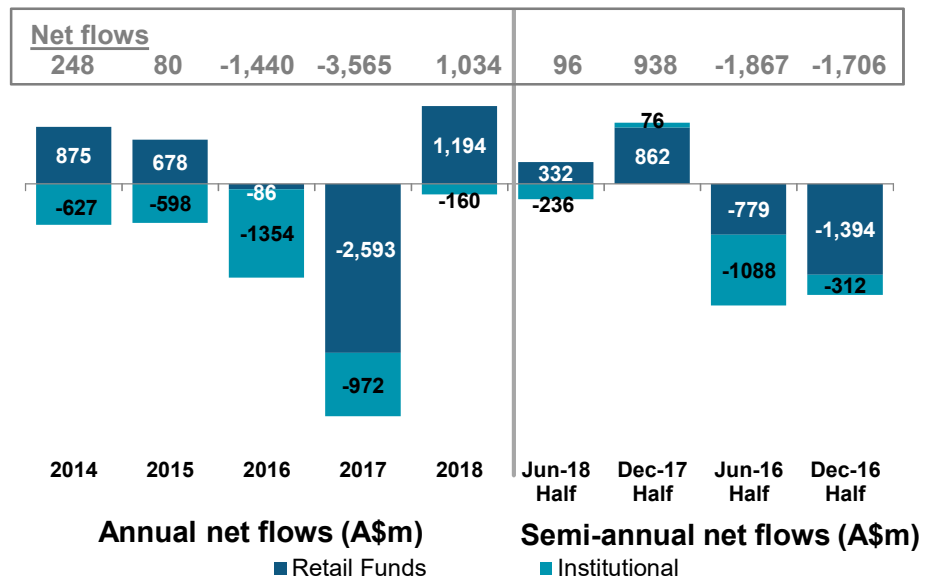
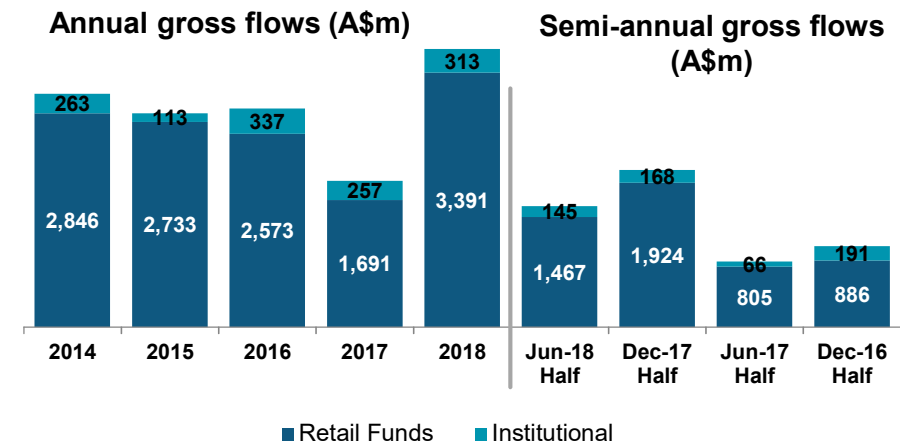
Flows

Gross Inflows FY-18

- Gross inflows in 2018 almost doubled in comparison to the previous year.
- Gross inflows in 2018 included 9 months of QMF inflows (+\$341m) and strong retail fund* inflows (+\$3,050m).
- Investor sentiment moderated in the second half as geopolitical risks and worries about a China slowdown, US rate rises and tariffs weighed on markets.
- Partial offsets came from the effect of new product launches, targeted advertising campaigns and the lagged effect of investment out-performance.

Net Flows FY-18

- Substantial net flows of \$1,034m for the year.
- 46% of net flows came from new and overseas products (QMFs and UCITS).
- Retail fund flows broadly based with PIF & PAF contributing \$264m**, PEF & PJF contributing \$501m, and QMFs contributing \$341m.
- No significant institutional performance fee switches in the second half. Retail flows into the performance fee option have likewise been modest (<\$30m for the year).
- Institutional cash flows were subdued with two rebalance trades by clients driving a net outflow. There were no account closures in the period.



Source: Platinum.

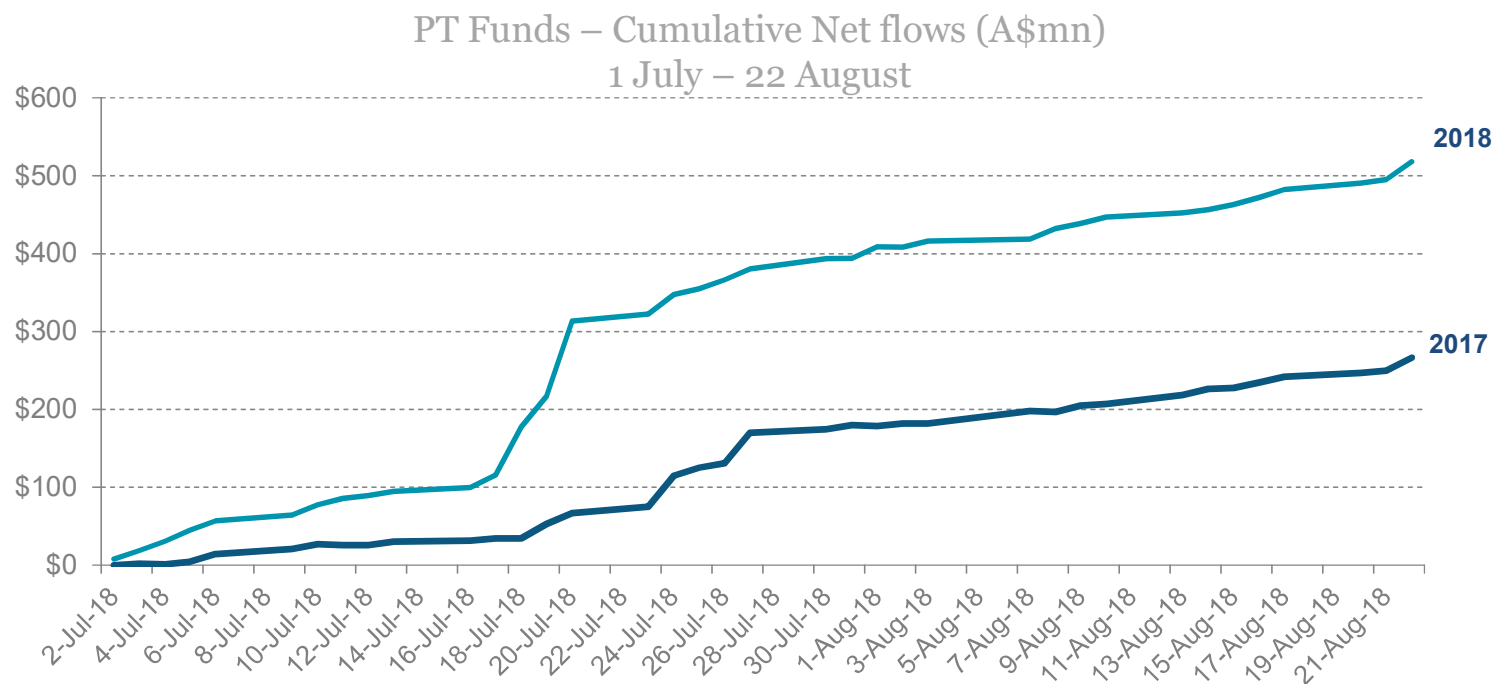
* "Retail Funds" includes Platinum Trust Funds, Platinum Global Fund, Platinum Asia Investments Limited, Platinum Capital Limited, and MLC Platinum Global Fund.

"Institutional" includes institutional performance fee investors within retail funds, mandates and US\$ denominated investment products.

** Excluding QMF and institutional client flows.



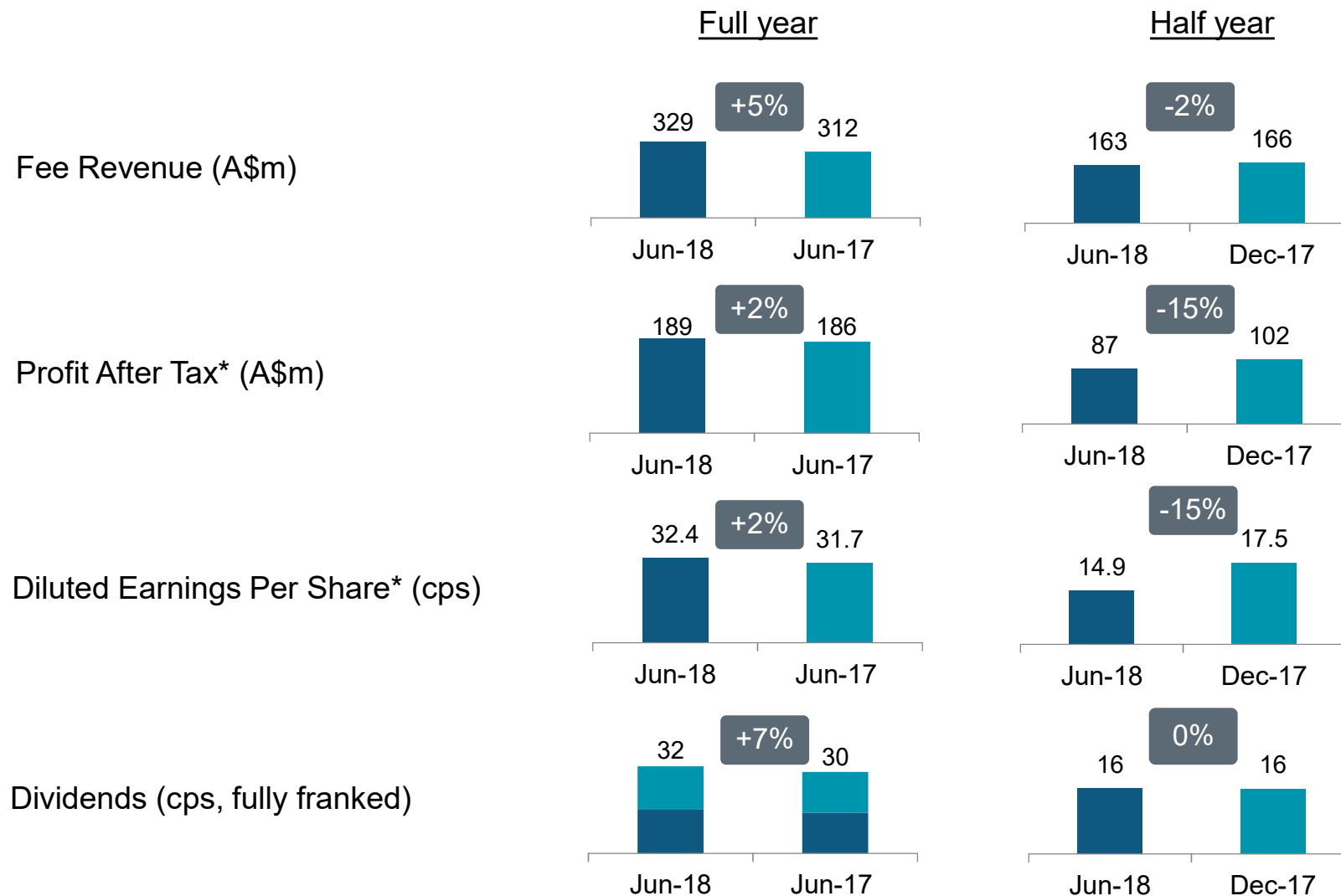
Net flows since 30 June largely reflect distribution re-investment



PT Funds: Net flows 1 July - 22 August	2018	2017
30 June cash distribution	(\$1,596)	(\$1,073)
Net flows during July	\$394m	\$180m
Net flows 1 August to 22 August	\$124m	\$86m
Total Cumulative YTD Net flows (A\$m)	\$518m	\$266m



Operating Results



Source: Platinum.

14 * Profit after tax and EPS attributable to owners.



Revenue Analysis

As at 30 June 2018

	JUN-18 (\$M)	JUN-17 (\$M)	\$ VAR. (\$M)	JUN-18 H (\$M)	DEC-17 H (\$M)	\$ VAR. (\$M)	COMMENT
Average FuM (\$B)	26.5	23.4	3.1	27.7	25.4	2.3	
Average Fee* (bps)	116	133	-17	117	114	+3	See note (1) below
Management and admin fees	306.8	310.9	(4.1)	161.6	145.2	16.4	Repricing of PT Fund range and insto transfers offset by strong markets and inflows
Performance fees	21.9	1.6	20.3	1.1	20.8	(19.7)	Strong calendar year performance for absolute return mandates
Sub-Total: Fee Revenue	328.7	312.5	16.2	162.7	166.0	(3.3)	
Interest income	3.7	4.3	(0.6)	1.8	1.9	(0.1)	Lower cash balances and rates
Gain on PAI holding	7.2	5.1	2.1	(0.1)	7.3	(7.4)	\$7.2m comprises \$3.8m realised gain on part sell down, \$1.7m equity accounted gain and \$1.7m dividend received
Gain on UCITS holding	3.8	11.5	(7.7)	(2.1)	5.9	(8.0)	Equity accounted gain
Gain on PIXX/PAXX** holdings	8.6	-	8.6	3.8	4.8	(1.0)	\$1.1m realised gain on PIXX sale, \$2.4m minority interest, and \$5.1m unrealised gain.
FX gains	1.3	0.2	1.1	1.3	-	1.3	Gain on US\$ bank account
Sub-Total: Other Income	24.6	21.1	3.5	4.7	19.9	(15.2)	
Total Revenue	353.3	333.6	19.7	167.4	185.9	(18.5)	

(1) Annualised Fee base	JUNE-17	PT FUND REPRICING	INSTITUTIONAL REPRICING	INFLOWS AND MARKET	JUNE-18
Annualised Fee Base \$m	304	(22)	(17)	+37	302
Annualised Fee Base bps	1.34%	(0.09%)	(0.07%)	-0.01%	1.17%

Source: Platinum.

15 * Annualised average management and administration fee (applicable to FY-17 only), excluding performance fees.

** PAXX was consolidated at year end. Gain attributable to non-controlling interests \$2.4m.



Expense Analysis

As at 30 June 2018

	JUN-18 (\$M)	JUN-17 (\$M)	\$ VAR. (\$M)	JUN-18 H (\$M)	DEC-17 H (\$M)	\$ VAR. (\$M)	COMMENT
Staff expense, incl. share based payments expense ⁽¹⁾	25.7	21.6	4.1	14.5	11.2	3.3	Increased salary and share based payment expenses plus on-costs
Variable remuneration expense ⁽²⁾	27.1	14.1	13.0	12.8	14.3	(1.5)	See below
Custody, administration, trustee and unit registry costs	13.3	12.0	1.3	6.8	6.5	0.3	New funds and increased FUM
Business development costs	7.4	4.1	3.3	4.2	3.2	1.0	One off costs of US Funds \$1.0m, plus new website costs, increased advertising & offshore travel.
Research	2.2	2.0	0.2	1.2	1.0	0.2	Increase in analyst research trips
Other costs	9.3	9.2	0.1	4.5	4.8	(0.3)	One off costs associated with QMF Launch \$0.7m, partly offset by savings on other line items
Total Expenses	85.0	63.0	22.0	44.0	41.0	3.0	

(1) Accounting for the deferred remuneration plan

- 4 year vesting period plus award year = 5 year amortisation period
- Expense is adjusted for an estimate of likely future experience
- Award is hedged via an Employee Share Trust. No future P&L impact of any gains/losses caused by share price variation

(2) Variable Remuneration	JUN-18	JUN-17	DEC-17 H
% Expense: Investment Team	76%	64%	81%
% Expense: General Plan	19%	31%	14%
% on-costs (payroll tax)	5%	5%	5%
Weighted Average 1 and 3 year investment performance*	+3.7%	-1.4%	+4.3%

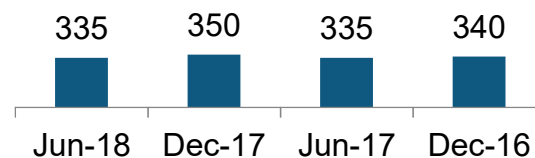
* The June 18 and 17 figures represent investment performance for the 1 and 3 years ended 31 March of those years, which provided the basis for June analyst and profit share plan variable remuneration awards. The Dec-17 figure represents performance for the 9 months and 33 months ended Dec-17, which formed the basis for the half year analyst and profit share plan variable remuneration accrual.
Source: Platinum.



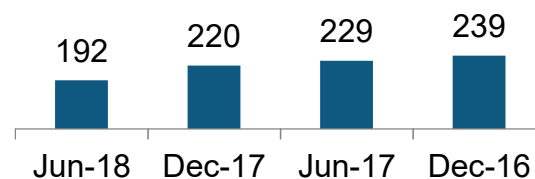
Strong Balance Sheet

As at 30 June 2018

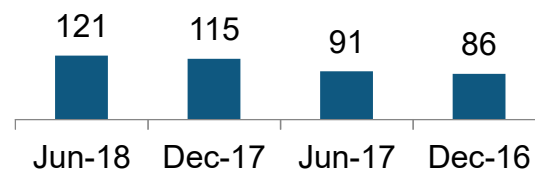
Net Assets* (A\$m)



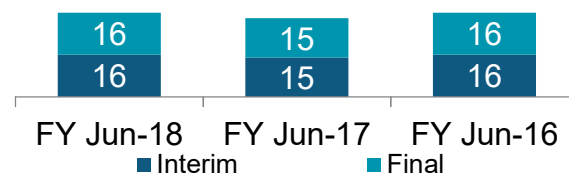
Cash & Term Deposits** (A\$m)



Seed Investments*** (A\$m)



Dividends (cps)



| Questions



Appendix 1:

Detailed Operating Results

(\$M)	Jun-18	Jun-17	% CHANGE	Jun-18H	Dec-17H	% CHANGE
Management and admin fees	306.8	310.9	-1%	161.6	145.2	+11%
Performance fees	21.9	1.6	+1269%	1.1	20.8	-95%
Interest income	3.7	4.3	-14%	1.8	1.9	-5%
Net gains/(losses) on FX, FA & other income	20.9	16.8	+24%	2.9	18.0	-84%
Total revenue	353.3	333.6	+6%	167.4	185.9	-10%
Staff costs	52.8	35.7	+48%	27.3	25.5	+7%
Custody and unit registry costs	13.3	12.0	+11%	6.8	6.5	+5. %
Business development costs	7.4	4.1	+80%	4.2	3.2	+31%
Research	2.2	2.0	+10%	1.2	1.0	+20%
Other costs	9.3	9.2	+1%	4.5	4.8	-6%
Total costs	85.0	63.0	+35%	44.0	41.0	+7%
Pre-tax profit	268.3	270.6	-1%	123.4	144.9	-15%
Income tax expense	76.7	78.0	-2%	36.4	40.3	-10%
Net profit after tax	191.6	192.6	-1%	87	104.6	-17%
Net profit after tax attributable to owners	189.2	186.0	+2%	87.0	102.2	-15%
Diluted EPS (c)	32.4	31.7	+2%	14.9	17.5	-15%
Average FUM (\$b)	26.5	23.4	+13%	27.4	25.4	+8%
Total no. of shares – issued (m)	586.7	586.7	-	586.7	586.7	-



Appendix 2

Funds under Management: Year to 30 June 2018, A\$m

FUNDS	OPENING BALANCE (1 JUL 2017)	NET CLIENT FLOWS	DISTRIBUTIONS & OTHER	INVESTMENT PERFORMANCE	CLOSING BALANCE (30 JUN 2018)	% OF TOTAL
Retail Funds						
Platinum Trust Funds and Platinum Global Fund ¹	16,249	997	(2,621)	2,302	16,927	66%
Platinum Quoted Managed Funds – PIXX and PAXX	-	341	(38)	10	313	1%
Platinum Listed Investment Company's – PMC and PAI	858	-	(79)	155	934	4%
MLC Platinum Global Fund	961	(144)	-	153	970	4%
Institutional Clients						
Platinum World Portfolios PLC – UCITS	263	132	-	49	444	2%
Fixed Fee Mandates	2,089	(28)	-	360	2,421	9%
'Relative' Performance Fee ²	1,819	(211)	1,142	442	3,192	12%
'Absolute' Performance Fee	474	(53)	-	77	498	2%
TOTAL	22,713	1,034	(1,596)	3,548	25,699	100%

¹ FuM closing balance excludes QMFs and \$1.3b attributable to institutional investors in the Platinum Trust Funds that are in a performance fee option. The balance does include the retail performance fee class, totalling \$29m.

² FuM closing balance includes Platinum Trust Fund institutional performance fee clients of \$0.1b, mandates of \$2.0b and \$1.3b attributable to institutional investors in the Platinum Trust Funds that switched to a performance fee.



Appendix 3

Segment Analysis: As at 30 June 2018

FUNDS MANAGEMENT	JUN-18 (\$M)	JUN-17 (\$M)	% VAR
Fee Revenue	328.7	312.5	5%
Other Revenue	0.4	0.3	33%
Total Revenue	329.1	312.8	5%
Expenses	(84.7)	(62.6)	35%
Profit Before Tax	244.4	250.2	(2%)
Income Tax Expense	(69.0)	(74.2)	(7%)
Non controlling interest	-	-	
Profit After Tax attributable to owners	175.4	176.0	(0.3%)
Average FuM	26,528	23,443	13%

INVESTMENTS AND OTHER	JUN-18 (\$M)	JUN-17 (\$M)	% VAR
Fee Revenue	-	-	-
Other Revenue	24.2	20.7	17%
Total Revenue	24.2	20.7	17%
Expenses	(0.3)	(0.3)	-
Profit Before Tax	23.9	20.4	17%
Income Tax Expense	(7.7)	(3.8)	105%
Non controlling interest	(2.4)	(6.6)	(64%)
Profit After Tax attributable to owners	13.8	10.0	38%
Segment Net Assets	382.2	310.4	23%

- ◆ Funds management revenue up 5% year-on-year, with increases in average funds under management, offset partly by fee reductions.
- ◆ Profits from investments and other income up 17% on Jun-17, reflecting strong investment markets, plus additional gains from new investments in the Platinum QMFs.



Disclaimer

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Unless otherwise expressly stated, investment returns for the Platinum Trust Funds have been calculated using the relevant fund's NAV unit price (C Class – which does not have a performance fee component) and represent the combined income and capital return for the specified period. They are net of fees and costs, pre-tax, and assume the reinvestment of distributions. The investment returns shown are historical and no warranty can be given for future performance. The respective inception dates of the funds (C Class) are: Platinum International Fund – 30 April 1995; Platinum Unhedged Fund – 28 January 2005; Platinum Asia Fund – 4 March 2003; Platinum European Fund – 30 June 1998; Platinum Japan Fund – 30 June 1998; Platinum International Brands Fund – 18 May 2000; Platinum International Health Care Fund – 10 November 2003; Platinum International Technology Fund – 18 May 2000.

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