Platinum Asset Management AFSL 221935

National Adviser Roadshow

April – June 2017

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Performance results shown have been calculated using the relevant 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.

The investment returns are historical and no warranty can be given for future performance. Past performance is not a reliable indicator of future performance. Due to the volatility of underlying assets of the Funds and other risk factors associated with investing, returns can be negative (particularly in the short-term).

Disclaimer: The information provided in these presentation slides is not intended to provide advice. It does not take into account the investment objectives, financial situation and particular needs of any person, and should not be used as the basis for making investment, financial or other decisions. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. Platinum does not guarantee the repayment of capital, payment of income or the performance of the Funds.

Hobart, Perth, Adelaide, Brisbane, Melbourne, Sydney

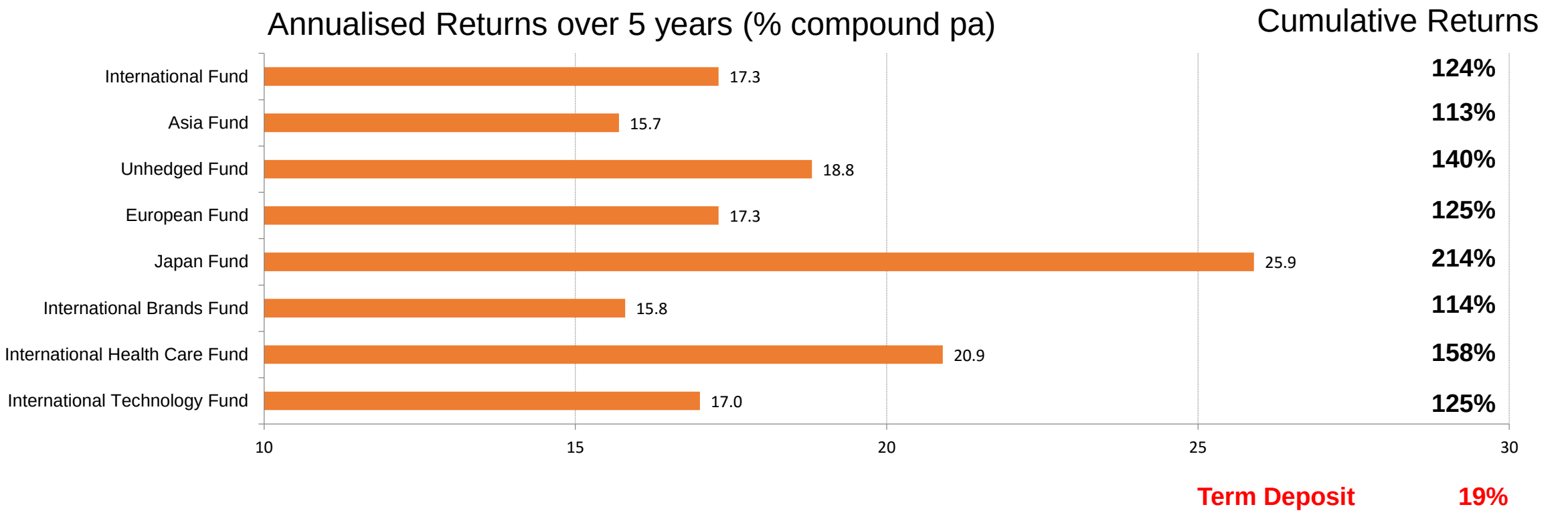
Kerr Neilson, CEO, Co-Founder,
Portfolio Manager, Platinum International Fund

Andrew Clifford, CIO,
Portfolio Manager, Platinum International Fund

Nik Dvornak, Portfolio Manager, Platinum Europe Fund

Kerr Neilson – CEO and Founder

Strength and breadth across Platinum Trust Funds

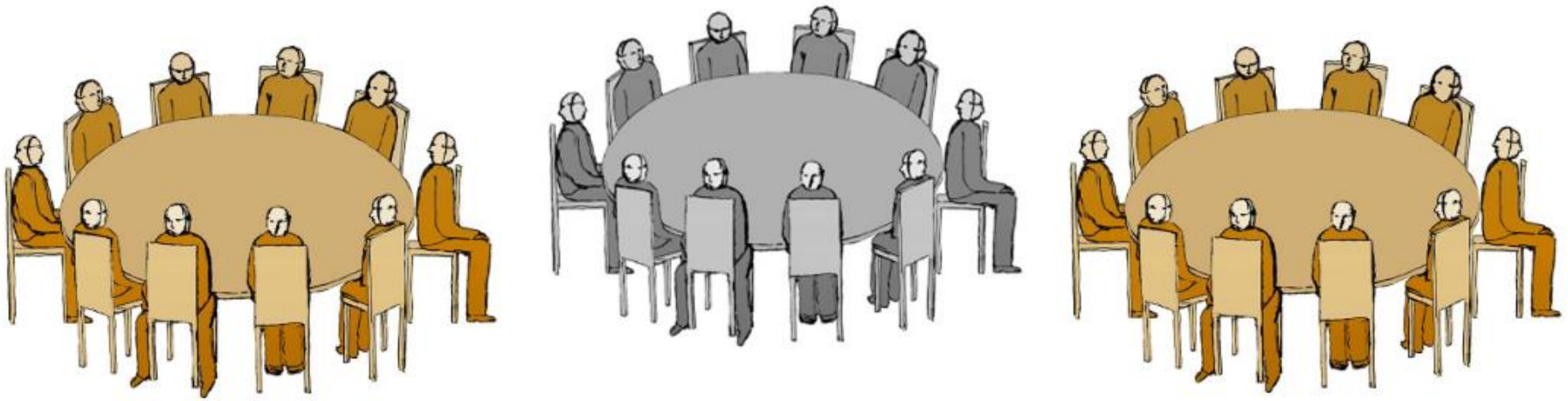


Source: Platinum Investment Management Limited to 31 May 2017, https://www.finder.com.au/historical-term-deposit-rates

Strong, experienced Investment Team

30 Investment Professionals
Average time at Platinum: 9 Years

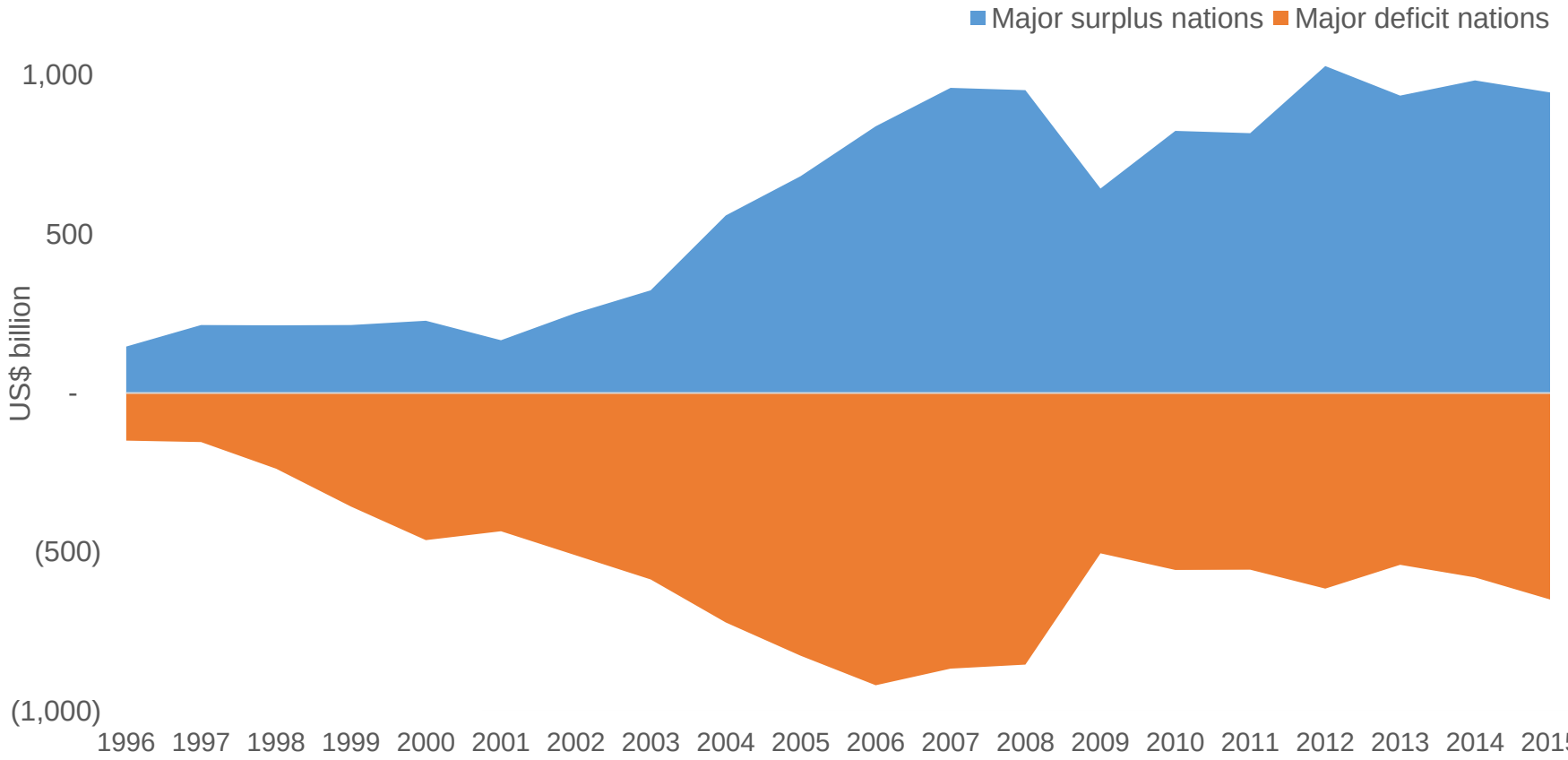
10 Fund Managers	**20 Analysts/ Dealers / Quant**
Average time at Platinum: 14 years	Average time at Platinum: 6 years

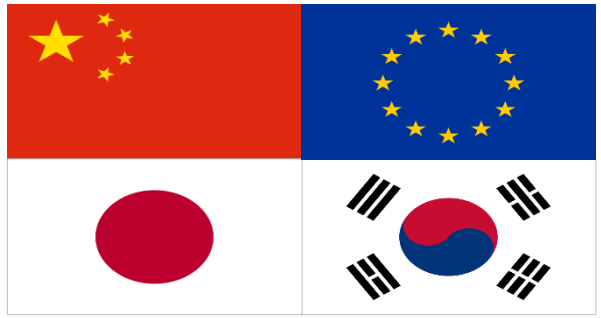


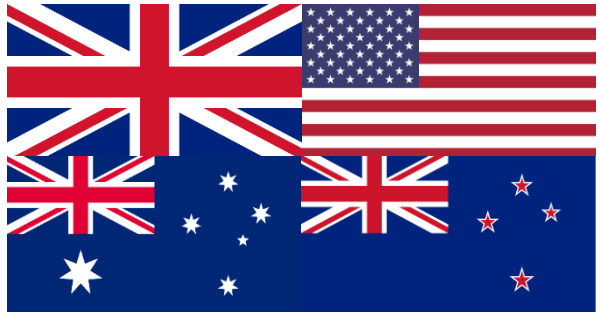
Source: Platinum Investment Management Limited

Andrew Clifford – CIO and Founder

The great imbalance







Source: World Bank: http://data.worldbank.org/indicator/BN.CAB.XOKA.CD

Europe's current account transformation

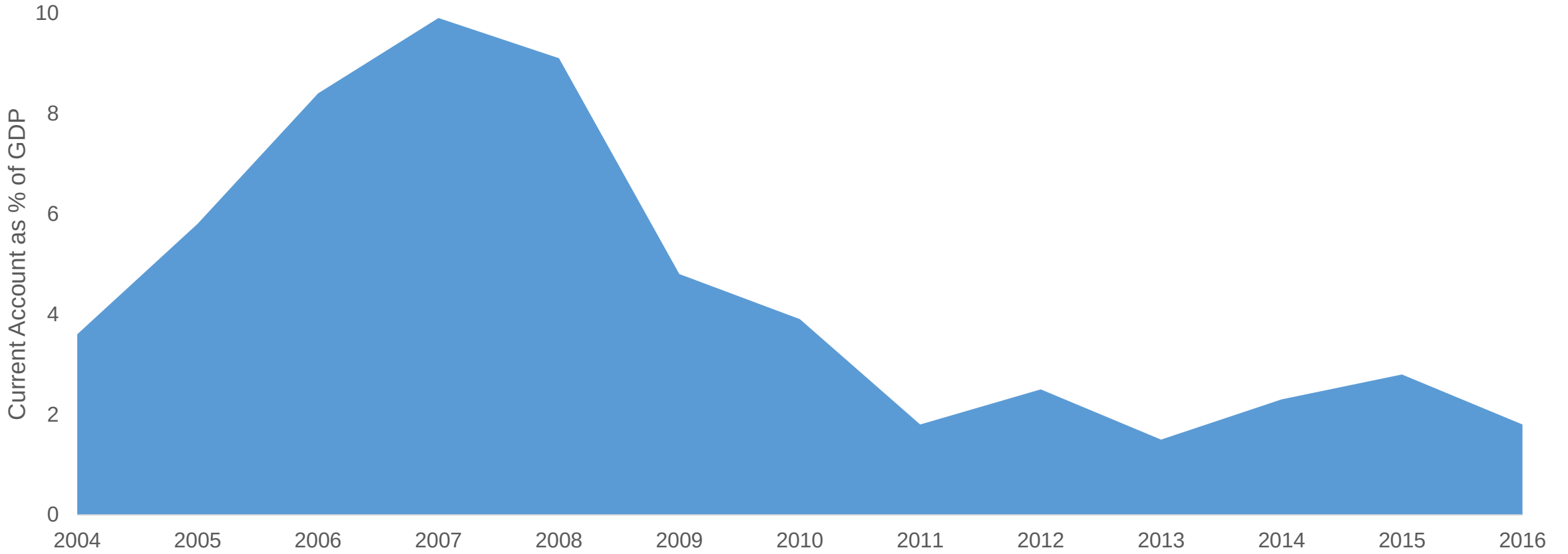
	Current Account to GDP 2008 (%)	Current Account to GDP 2016 (%)
Portugal	-10	1
Ireland	-6	12
Italy	-3	3
Greece	-11	0
Spain	-4	2
Germany	+4	+8

Source: Bloomberg

China – the pervasive mental image

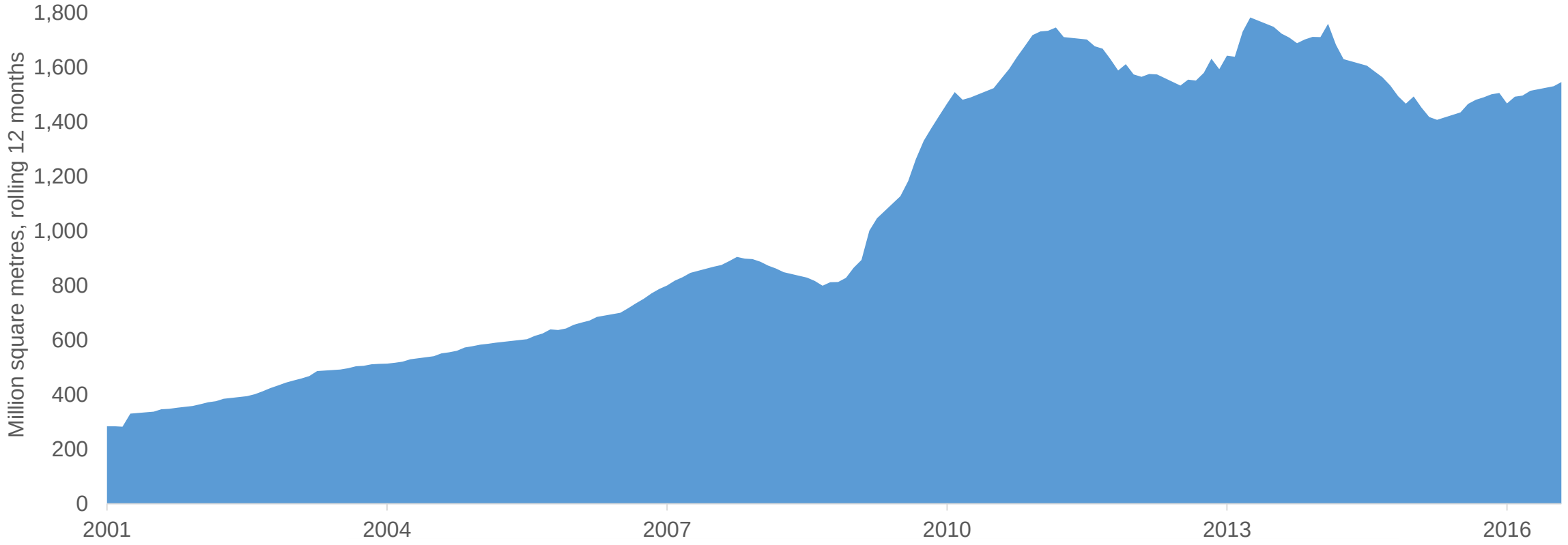
Source: Bookblock, http://www.bookblock.com/wp-content/uploads/2016/07/Manufacturing-In-China.jpg

China's shrinking current account surplus



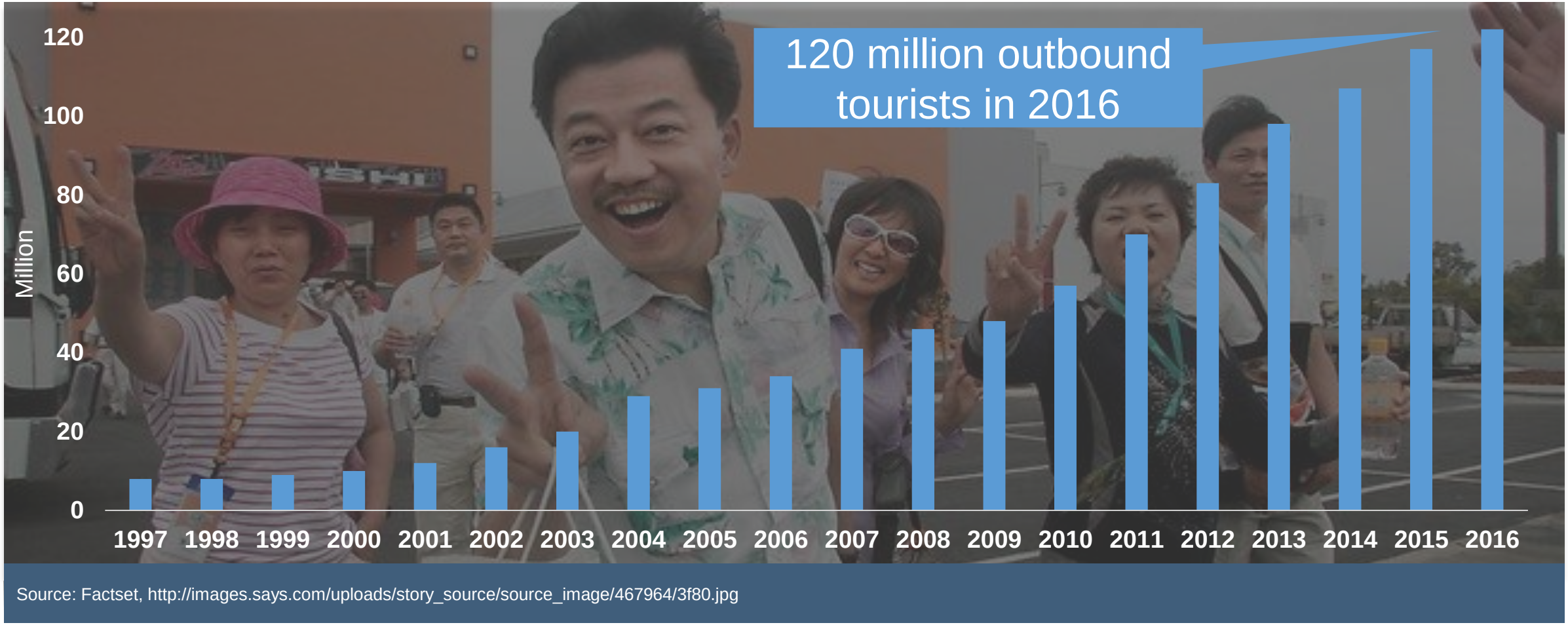
Source: Bloomberg

China housing starts



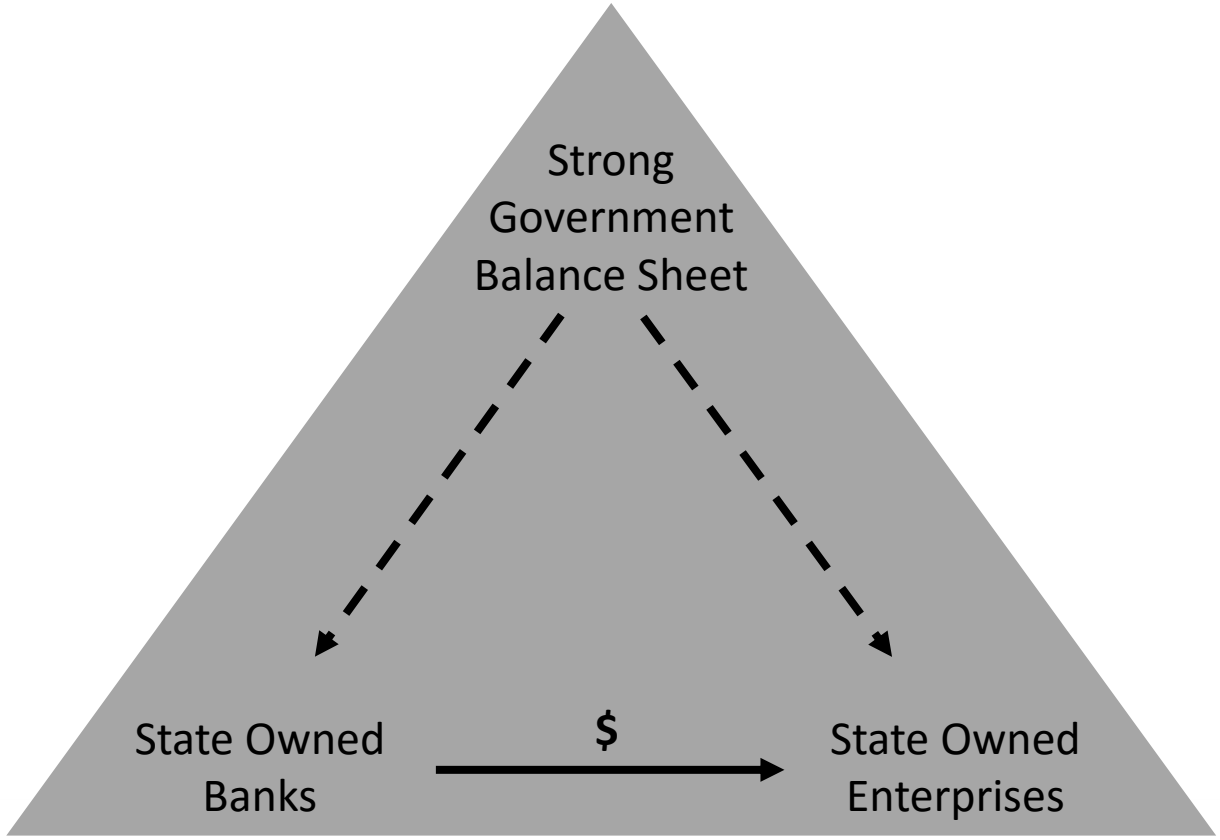
Source: Bloomberg

China's outbound tourists



Source: Factset, http://images.says.com/uploads/story_source/source_image/467964/3f80.jpg

China's debt issue simplified

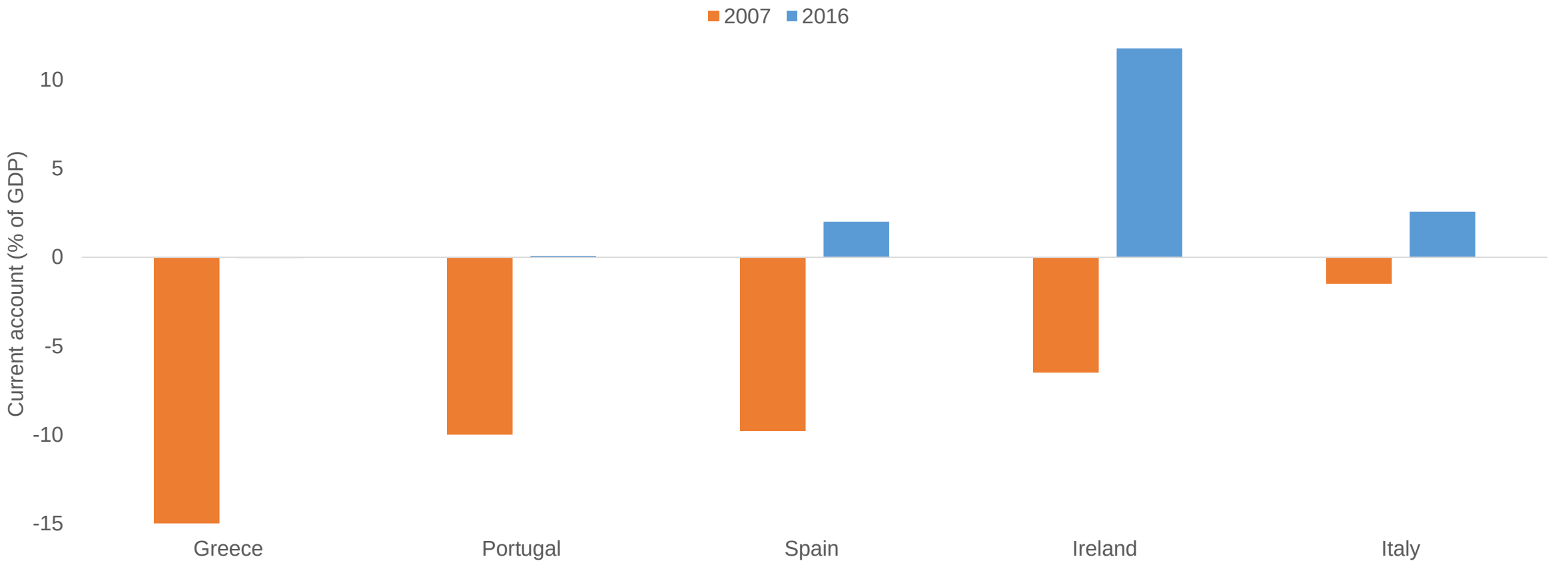


Nik Dvornak – Portfolio Manager

Never waste a good crisis

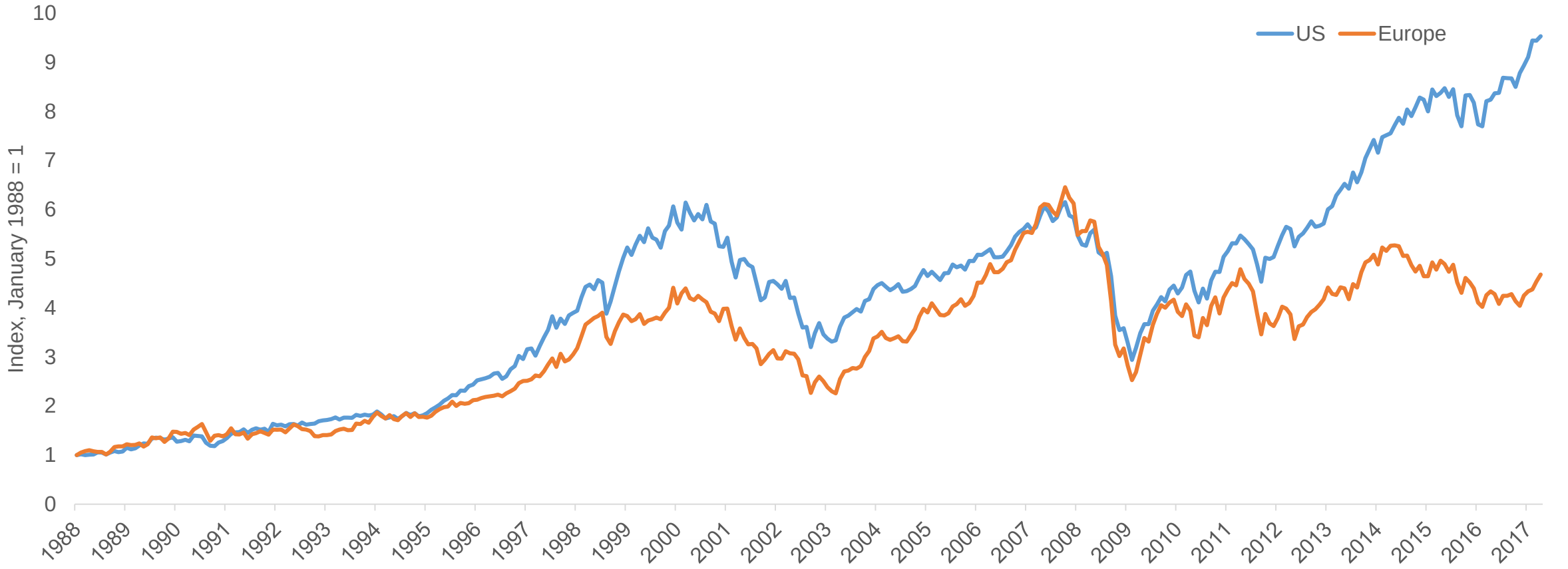
Source: Financial Times

Europe… Balance restored



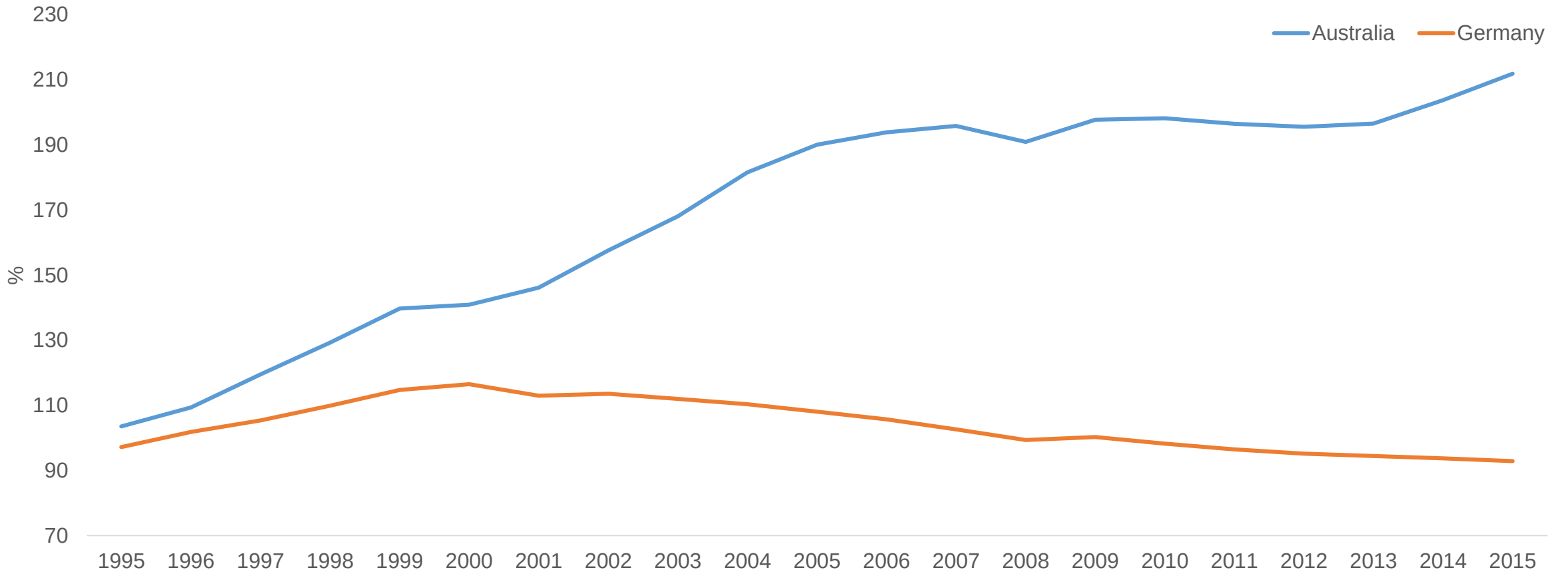
Source: Credit Suisse, Bloomberg

Corporate earnings: US versus Europe



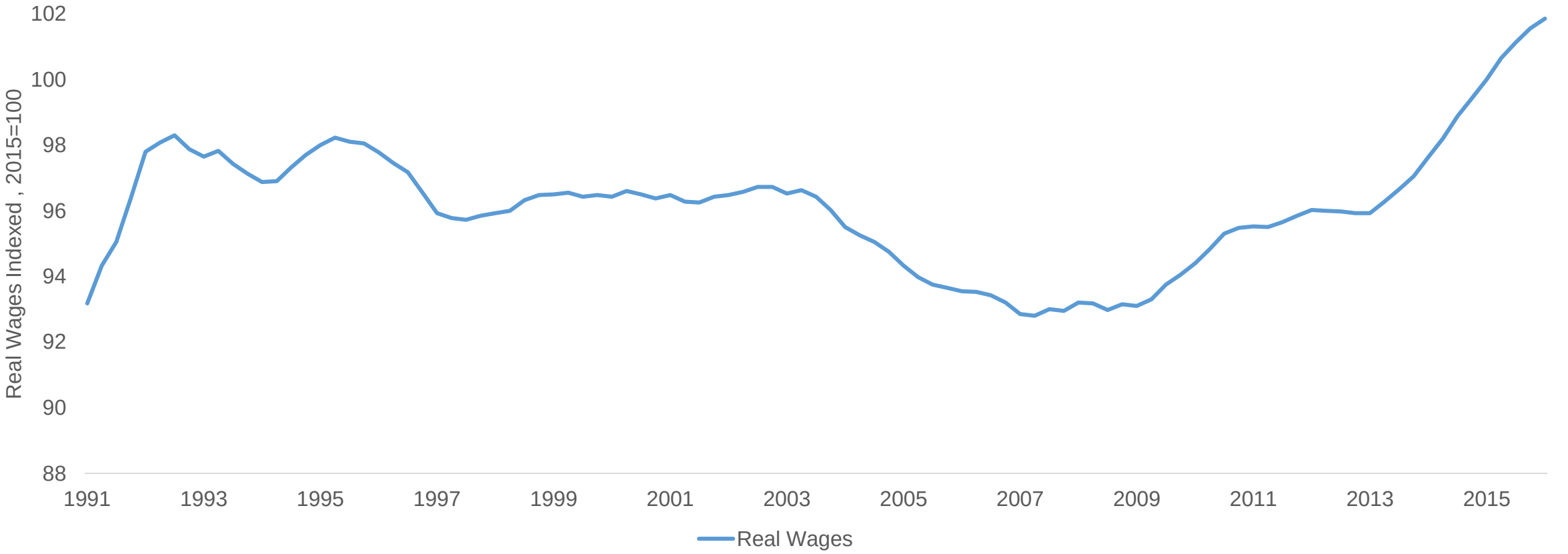
Source: Bank of America Merrill Lynch

Household debt to net disposable income



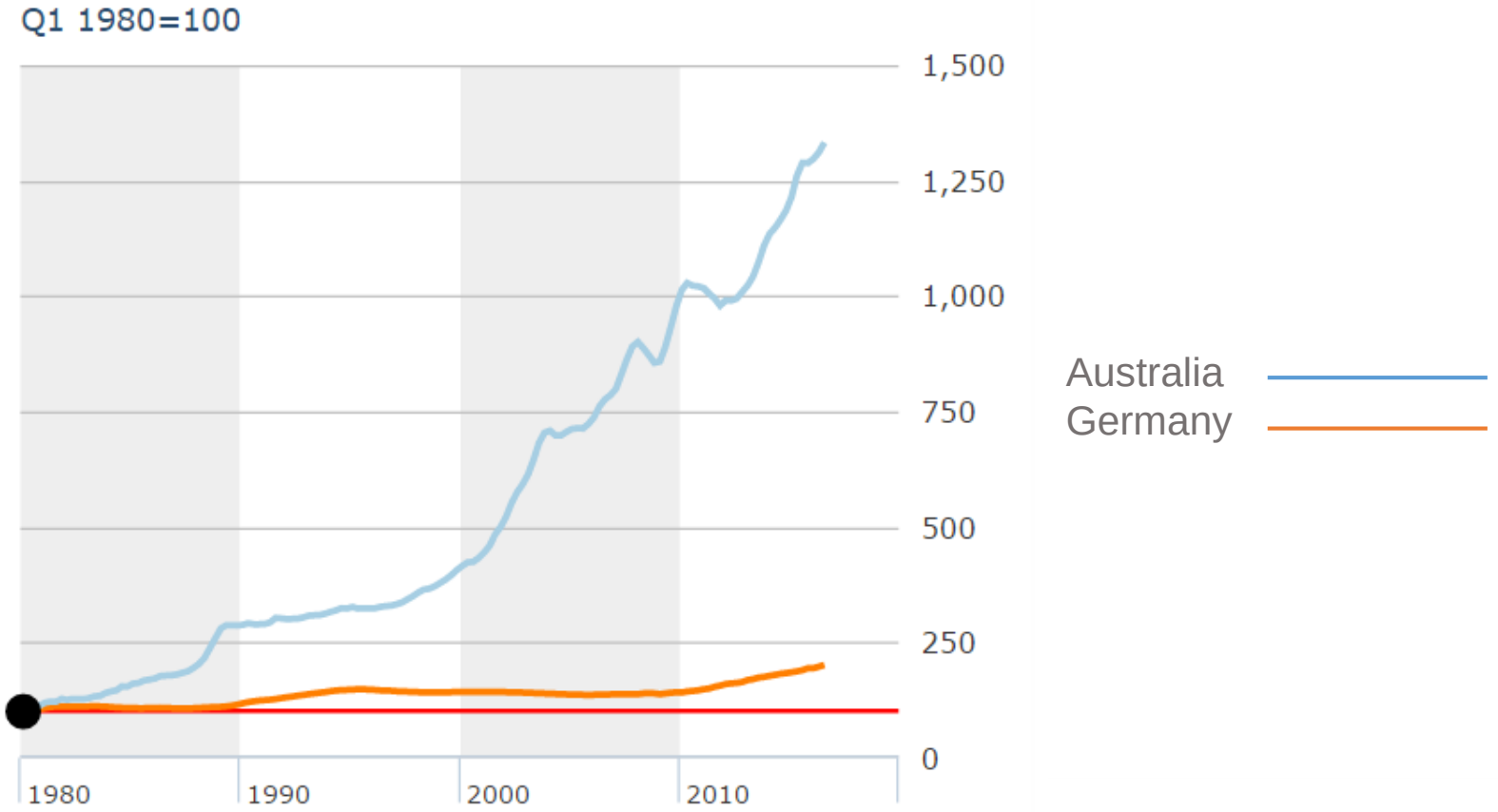
Source: OECD, https://data.oecd.org/hha/household-debt.htm

German real wages



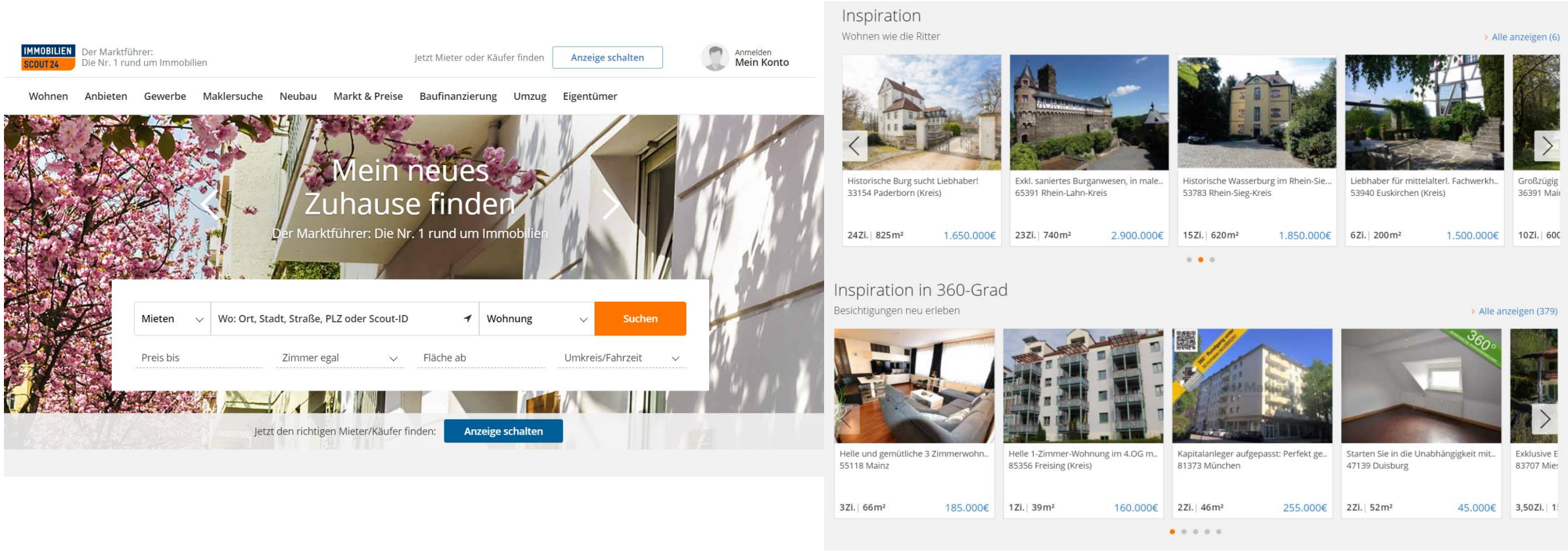
Source: Factset, Deutsche Bundesbank

German versus Australian property prices



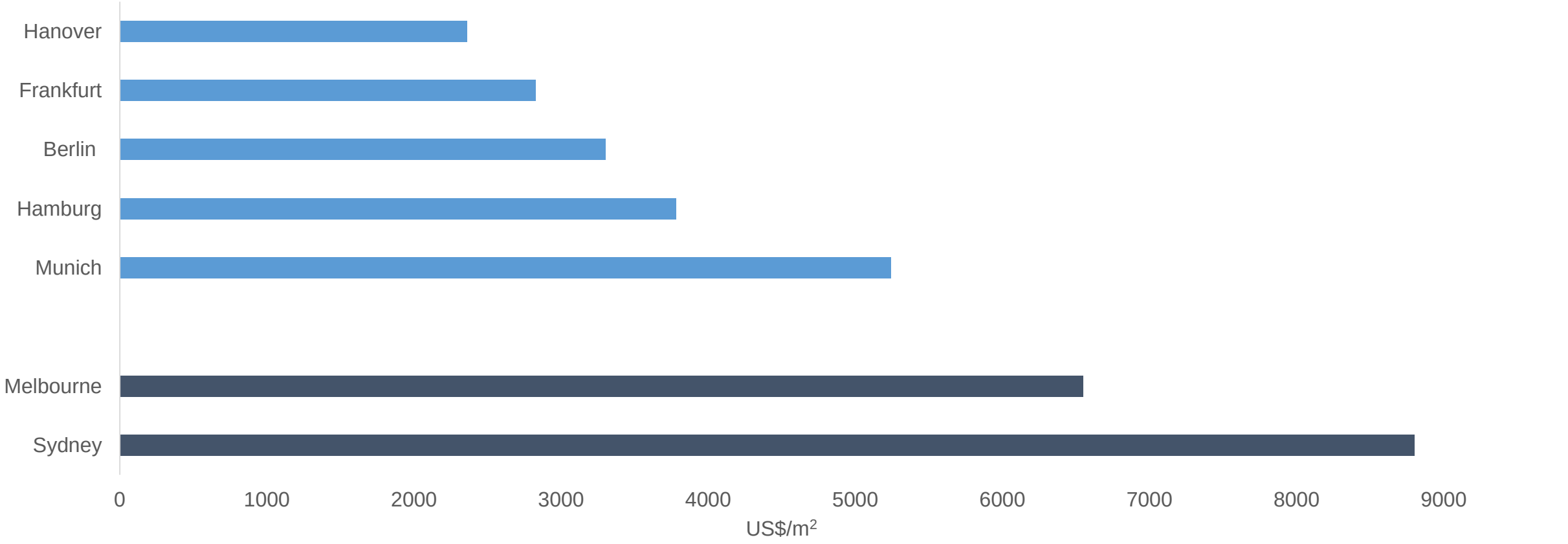
Source: The Economist: http://www.economist.com/blogs/graphicdetail/2017/03/daily-chart-6

Scout24



Source: Scout24

German property prices remain low



Source: Global Property Guide; Numbeo

Andrew Clifford – CIO and Founder

Platinum International Fund – geographical disposition (30 April 2017)

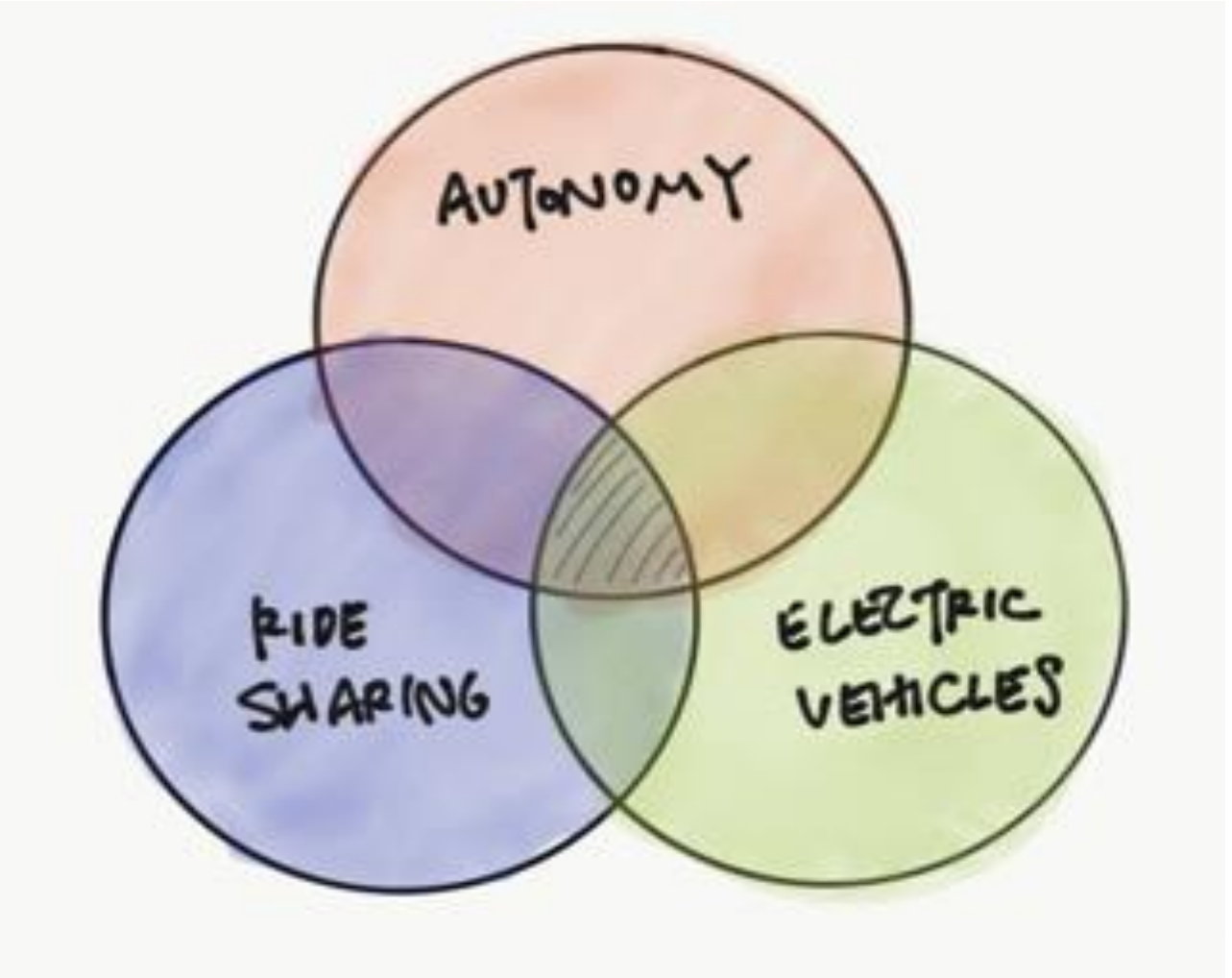
Regional Exposure (Net)*		
Asia Pacific: 50%	Europe: 21%	USA: 12%

Source: Platinum Investment Management Limited, Wikimedia Commons.
*The regional net exposure is accurate as at 30/4/2017 and represents the exposure of the physical holdings and both long and short derivatives.

The Car of the Future

SE Melbourne, Ballarat, Geelong, Bendigo, Cairns, Canberra, Gold Coast

Curtis Cifuentes, Investment Analyst,
Technology Team



Source: Platinum Investment Management Limited

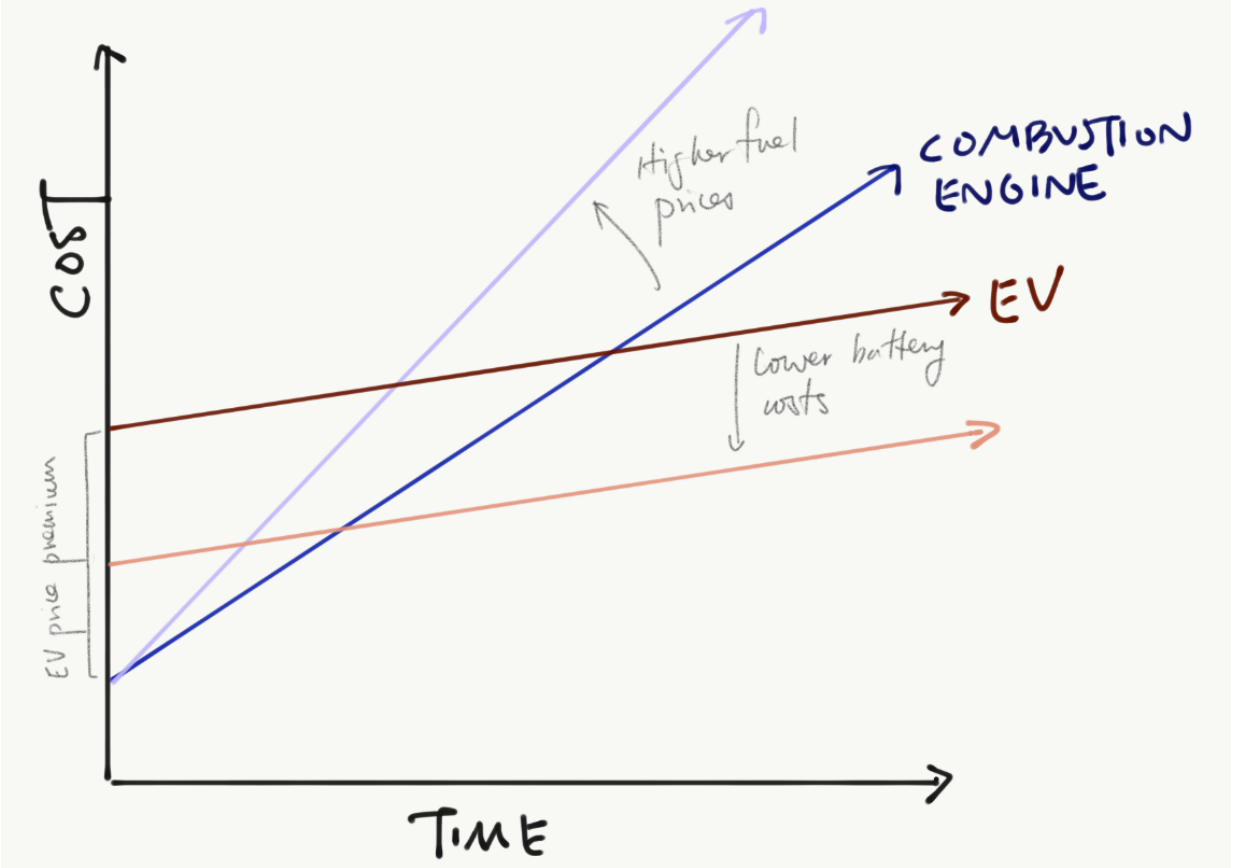
Autonomous driving: opportunity and impacts

Source: waymo.com

Why now?

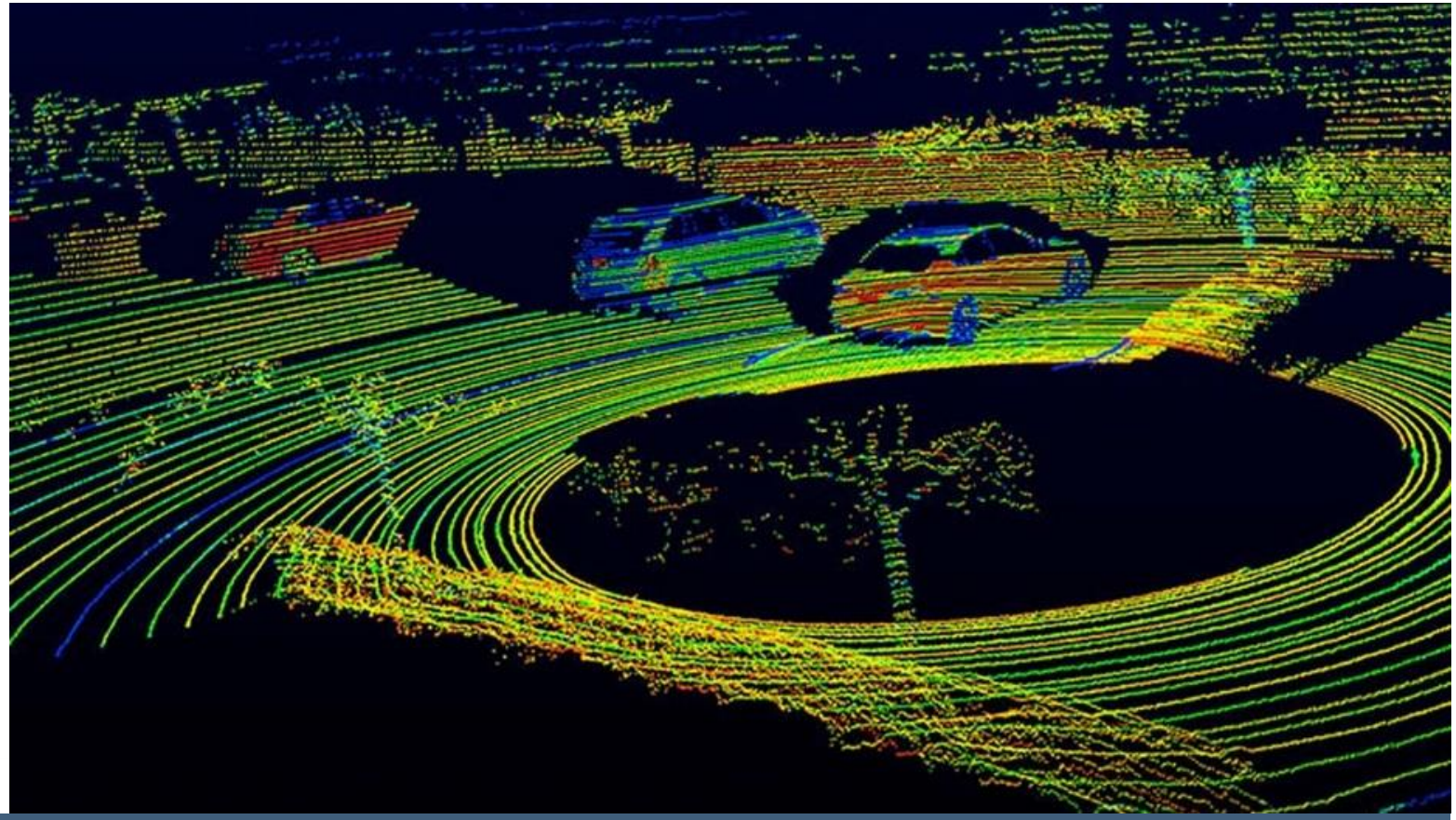
Source: Wikipedia

The total cost of ownership of EVs is compelling



Source: Platinum Investment Management Limited

Will autonomous vehicles need LIDAR?

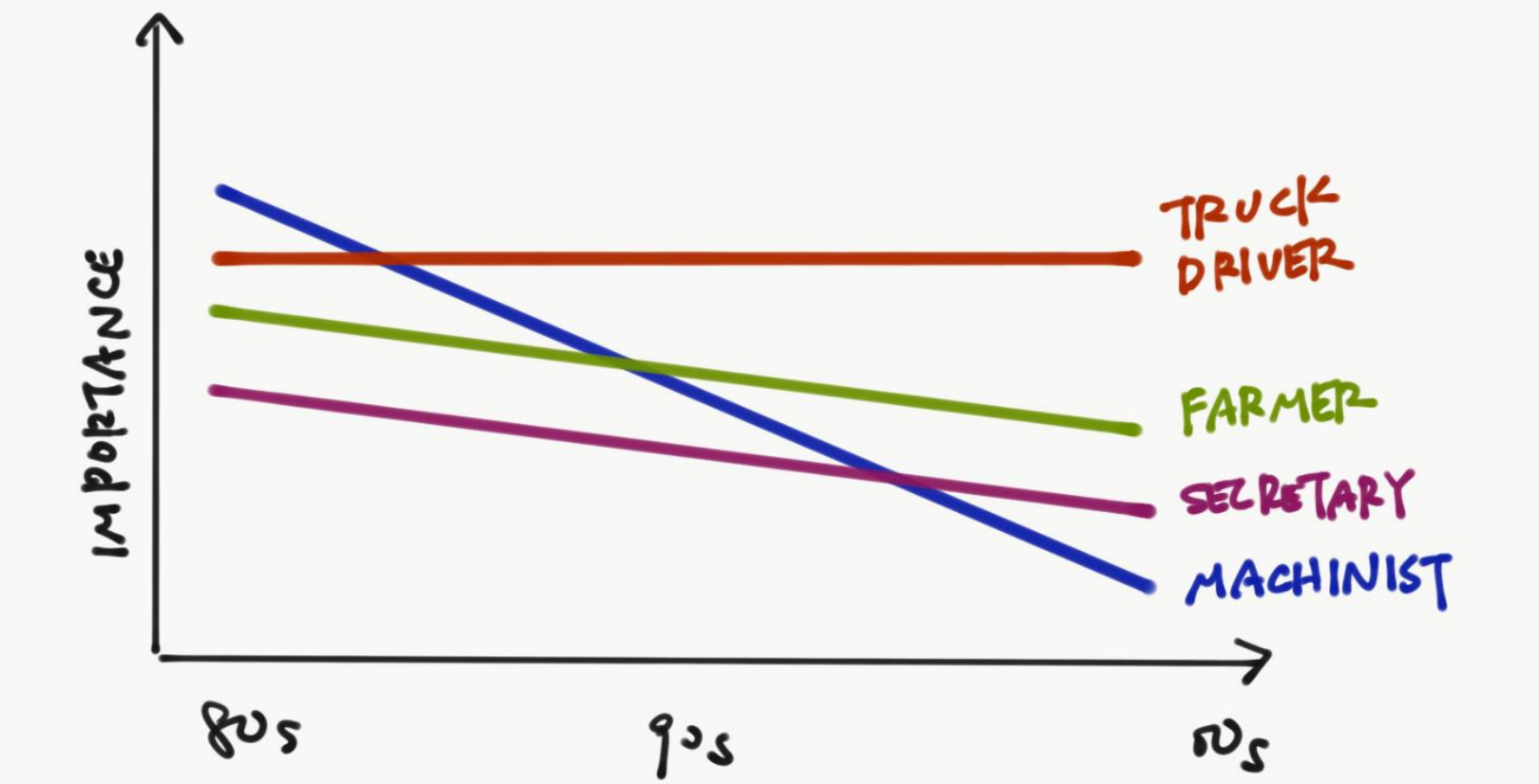


Source: Velodyne

Accurate image recognition is hard…despite progress

Source: http://imgur.com/gallery/kacupqk

Automation hasn't ravaged the driving occupation ...yet



Source: Platinum Investment Management Limited

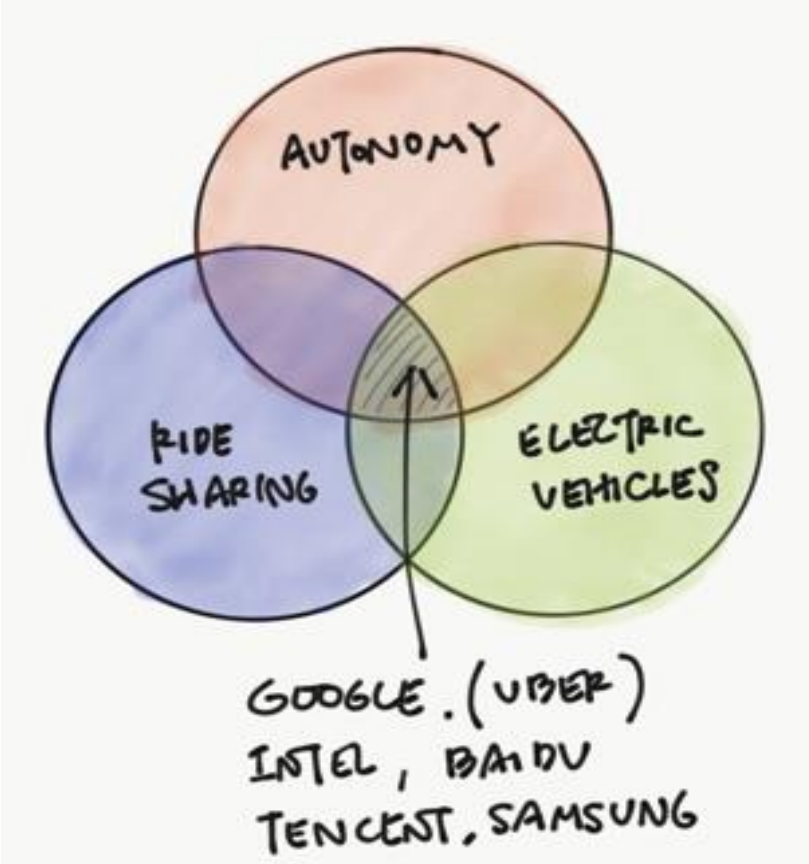
Like manufacturing jobs… it's hard to bring them back

Source: AFP

2nd and 3rd order impacts: Venice to Hubble

Source: Kevin Chan

Investing at the intersection



Source: Platinum Investment Management Limited

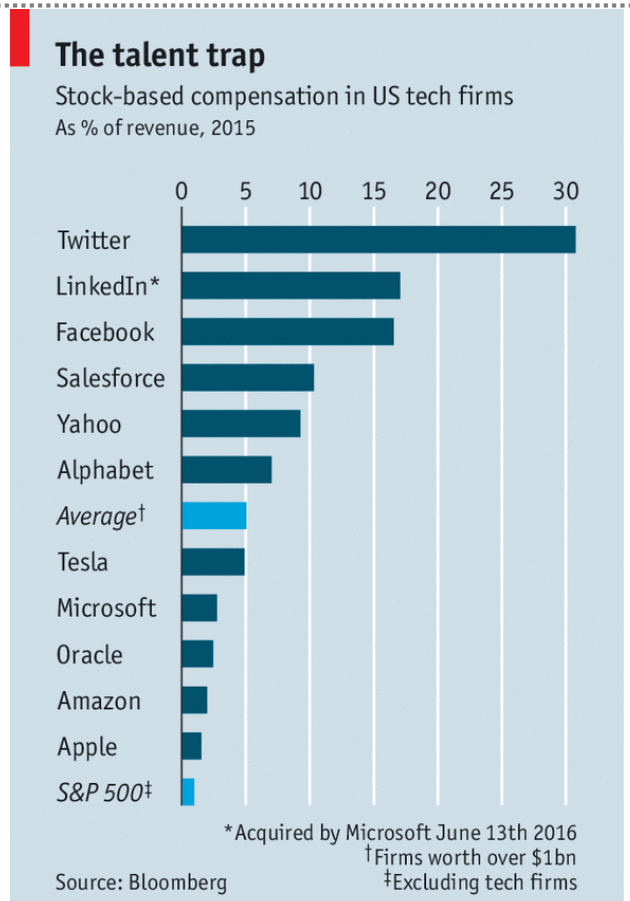
Technology : A Balanced View

Port Macquarie, Coffs Harbour, Bundaberg
Sunshine Coast, Albury, Goulburn Valley

Cameron Robertson, Portfolio Manager,
Platinum International Technology Fund

Corporate Behaviour

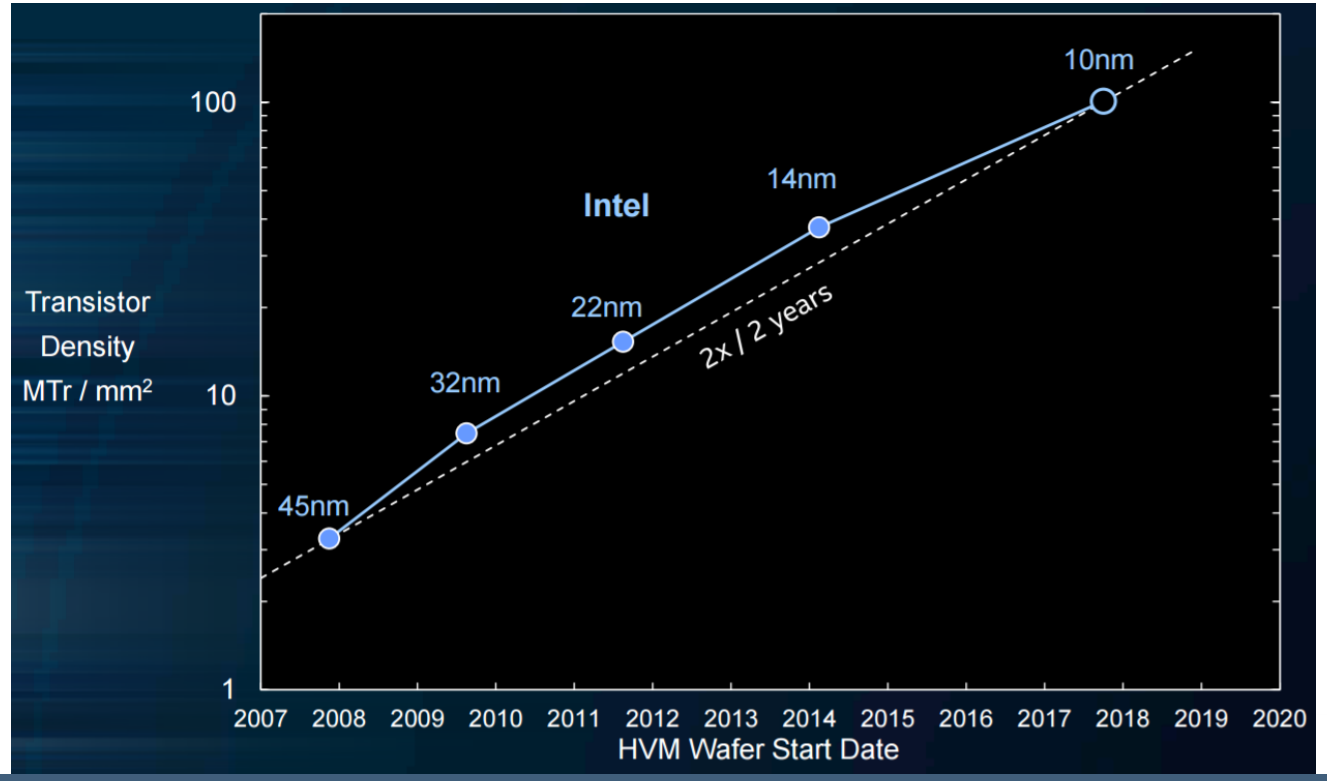
- Prevalence of “Non-GAAP” metrics
- Stock compensation on the rise
- Compensation is stepping up
- Capital allocation is variable



Source: The Economist

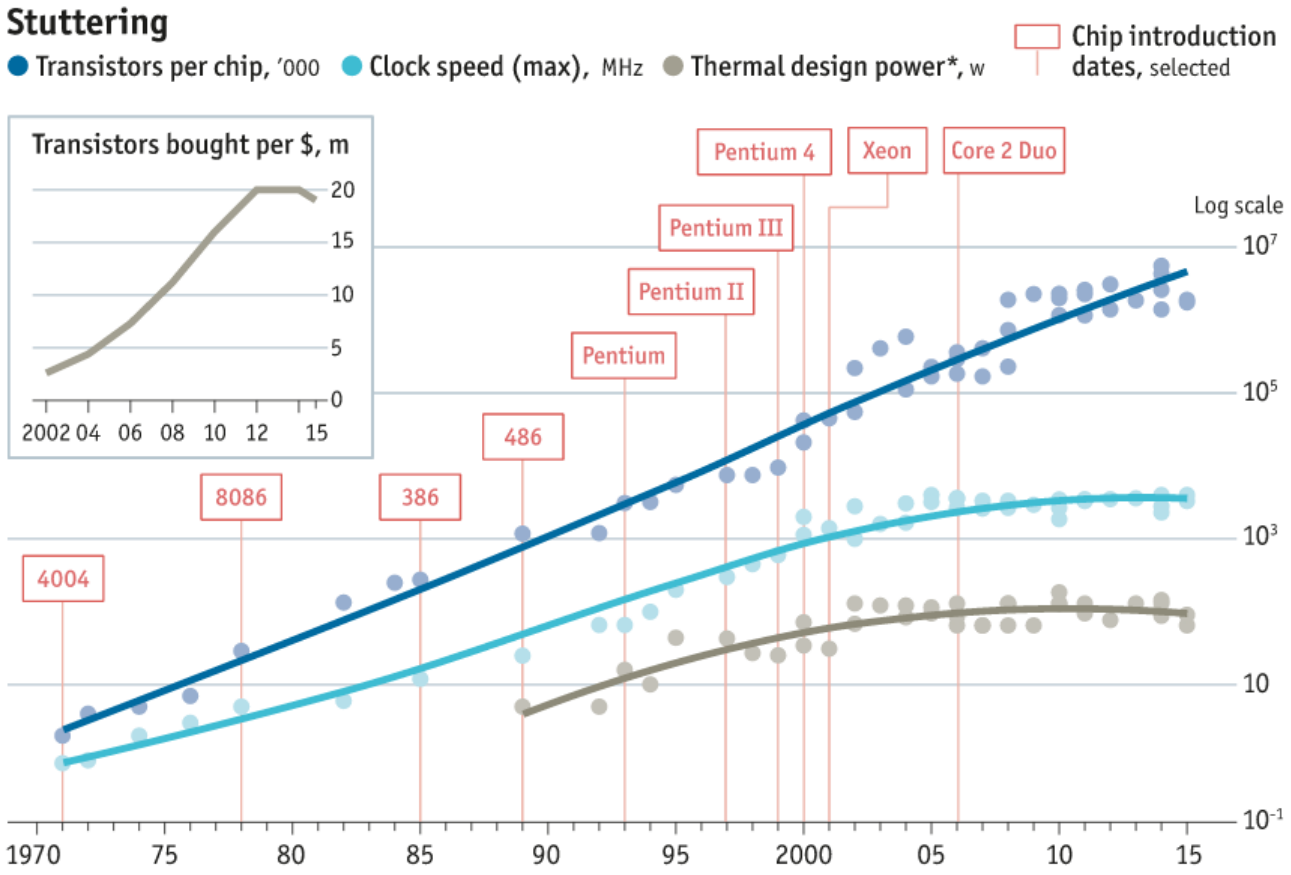
Moore's Law: what is it?

Cost and efficiency have been synonymous with Moore's Law



Source: Intel Analyst Day 2017 Presentation Materials

Moore's Law: what's happening?

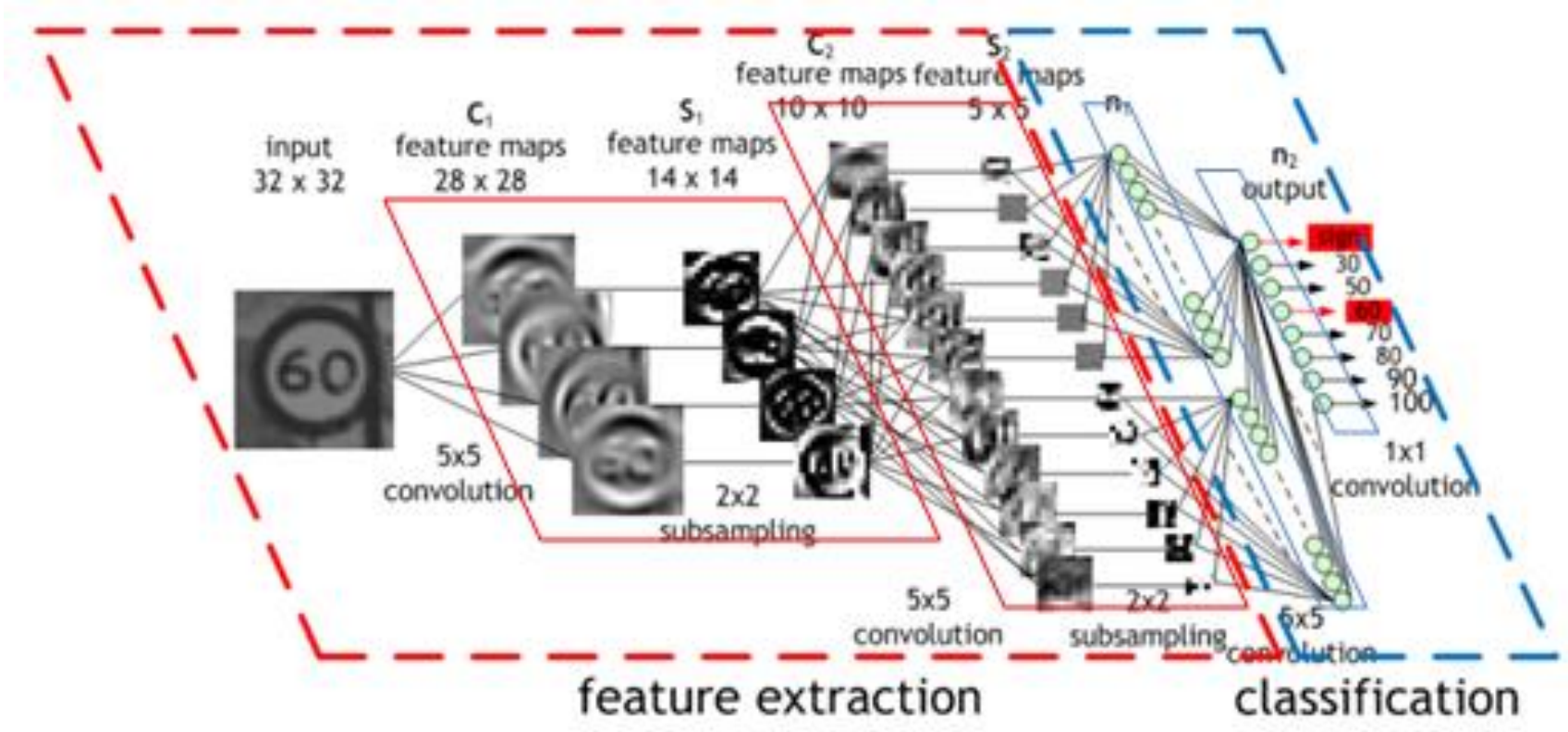


Source: http://www.economist.com/technology-quarterly/2016-03-12/after-moores-law

Moore's Law: investment implications

- Shrinking impact of process improvements
- Increasing importance of design
- Opportunity for new materials and approaches
- Implications for supply chain, foundries, and alternate chip types

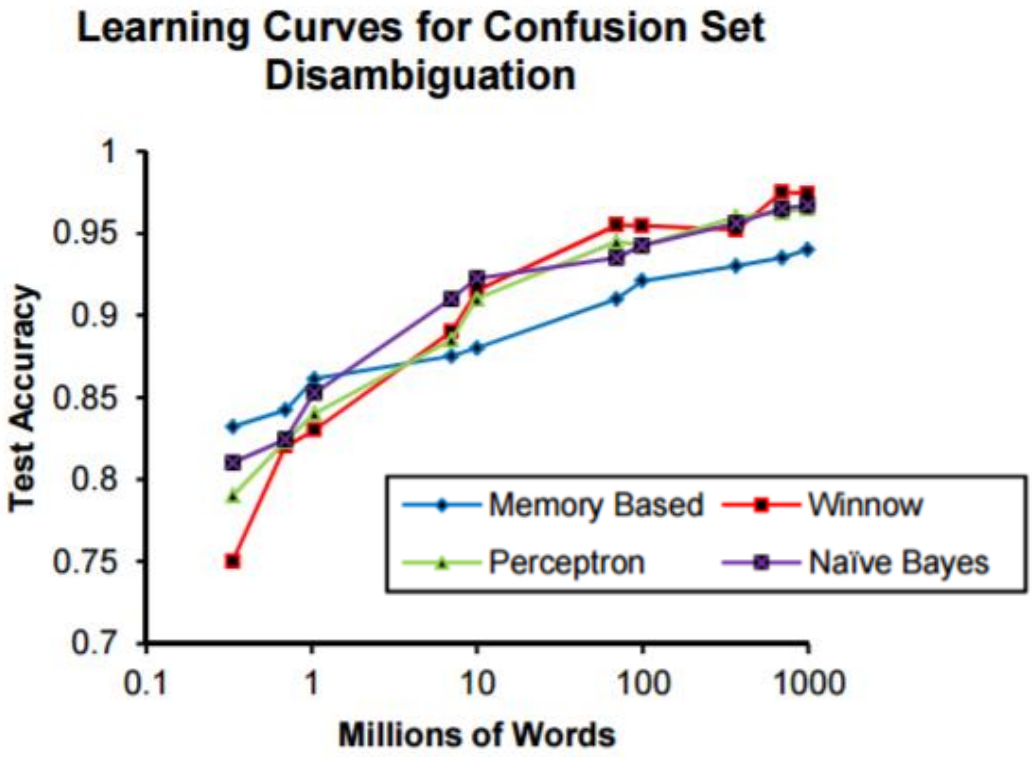
Artificial Intelligence: what is it?



Source: https://devblogs.nvidia.com/parallelforall/deep-learning-nutshell-core-concepts/

Artificial Intelligence: why is it happening?

- Available processing power and data sets
- Leads to improved performance
  - Image recognition
  - Voice interfaces
  - Translation



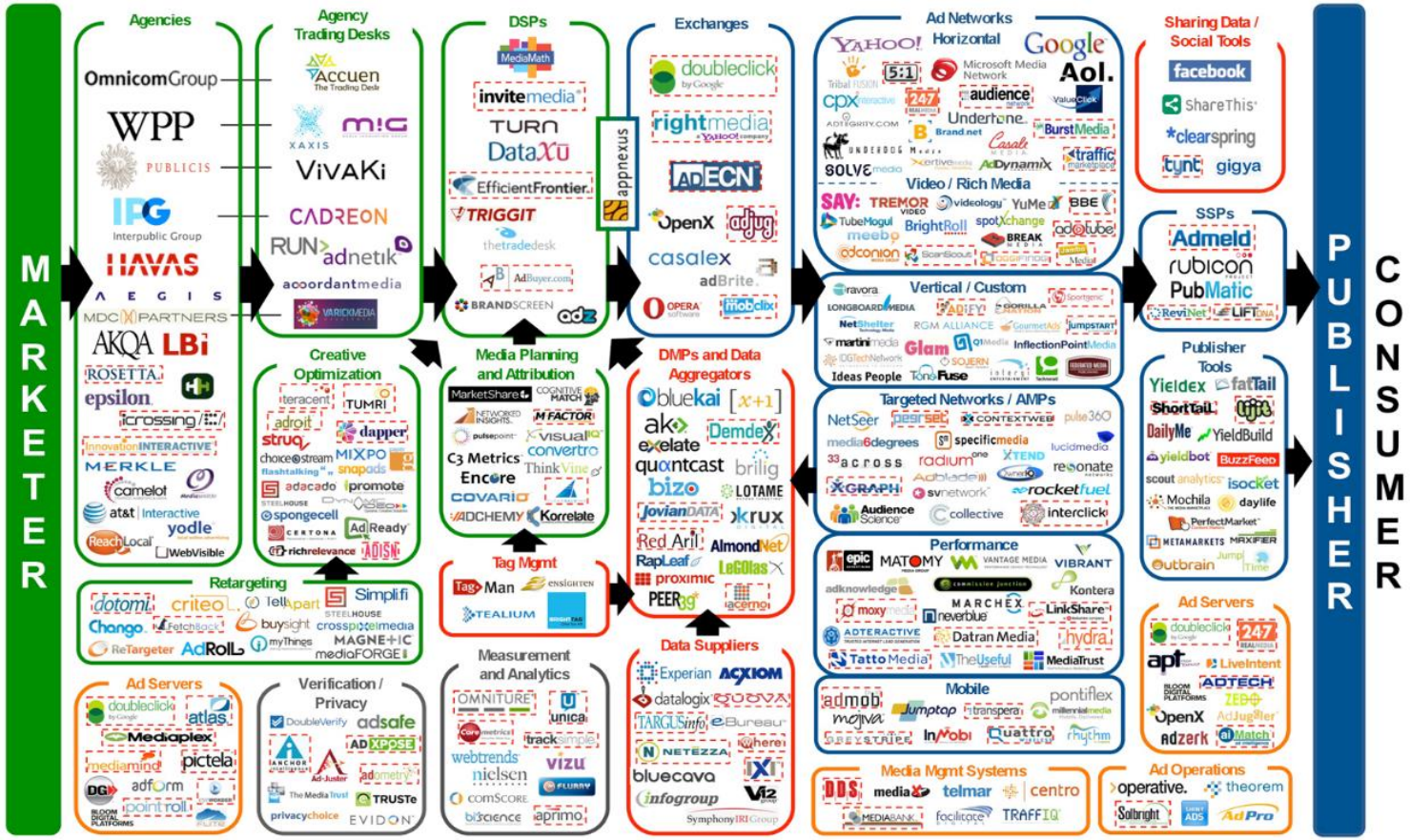
Source: Bernstein

Artificial Intelligence: investment implications

- New areas open for automation
- Increased value of data
- Increased demand for compute

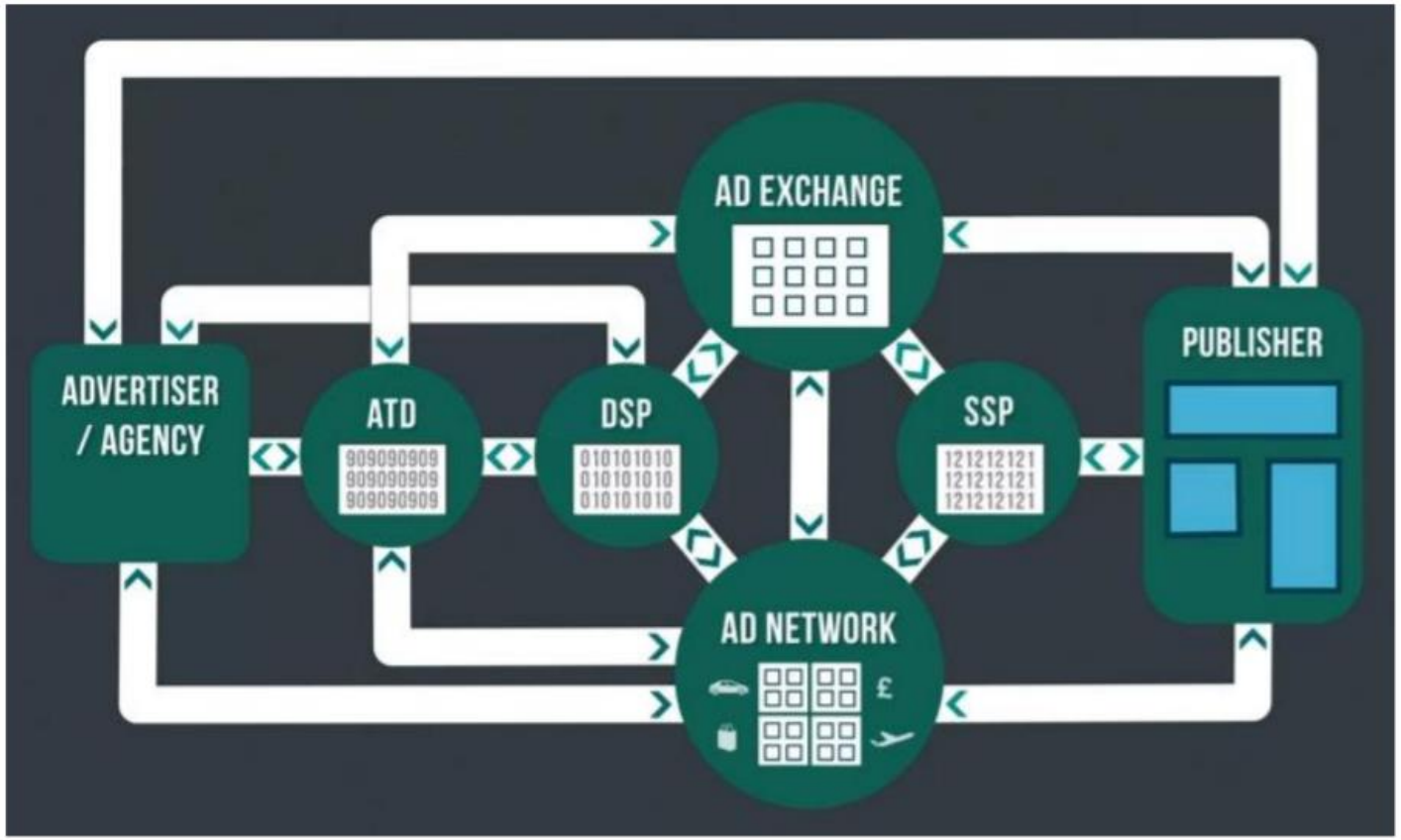
Source: www.babylonhealth.com

Evolution of Advertising



Source: Luma Partners - http://www.lumapartners.com/wordpress/wp-content/uploads/2012/04/Display-LUMAscape_2012-04-05.jpg

Evolution of Advertising



Source: https://iabuk.net/sites/default/files/IABGuidetoDisplayAdvertising.pdf

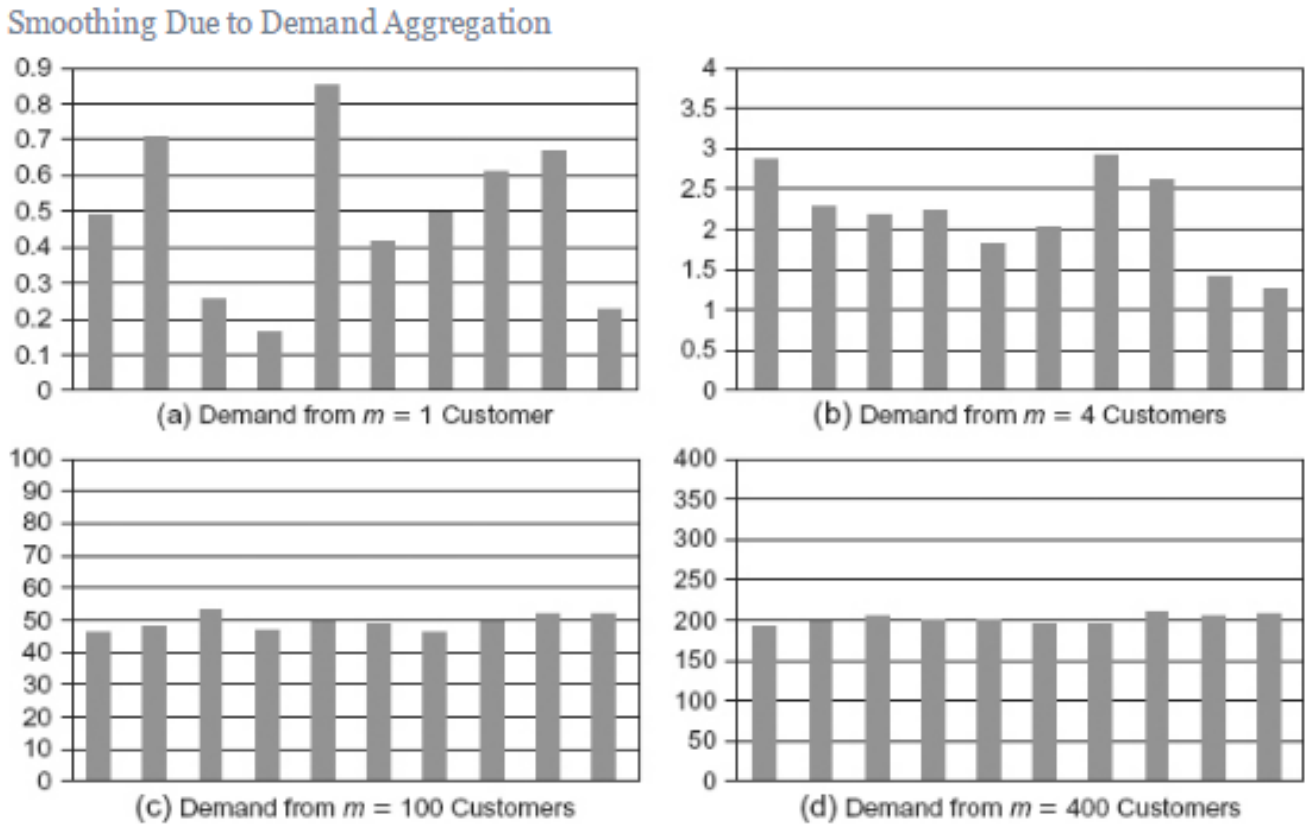
Cloud Computing: what is it?

From this → **To this**

Source: Google Images

Cloud Computing: why is it happening?

- Flexibility
- Cost
- Accessibility



Source: http://www.joeweinman.com/resources/joe_weinman_smooth_operator_demand_aggregation.pdf

Cloud Computing: investment implications

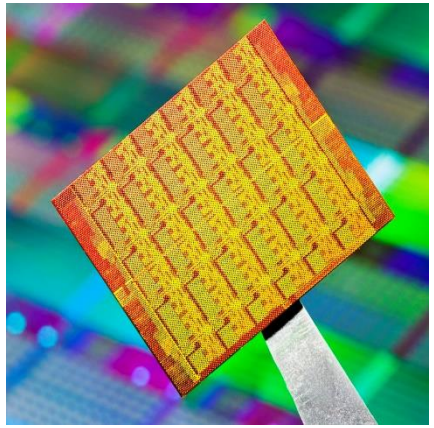
- Creates new business models
- Expands addressable markets
- Challenging for some incumbents

Technology and China

Tamworth, Dubbo, Orange, Townsville, Mackay, Rockhampton, Wagga Wagga

Jack Cao, Investment Analyst, Asia team

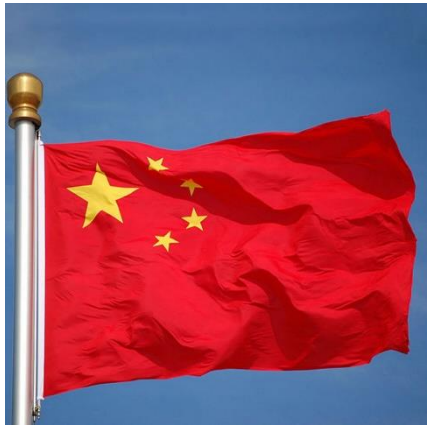
Technology



Opportunity

机会

China



Source : Intel, AliExpress

Takeaway and e-commerce delivery

Source : Foodlogistics.com, Wall Street Journal

Population density drives unit economics

Cities with population >1m:

- China 270
- US 10

Source : China Daily

Mobile payments

Source : WeChat

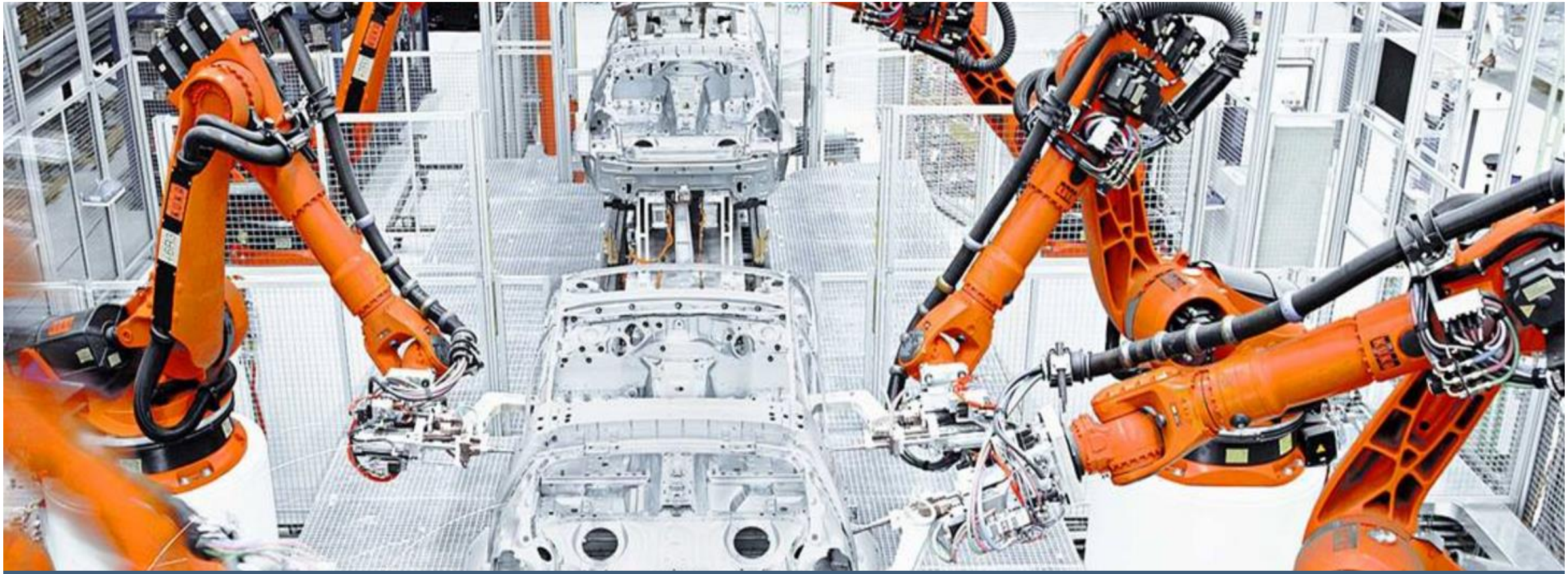
Proliferation of mobile payments

Source : Tech In Asia, FT.com

Live streaming

Source : Sampi.co

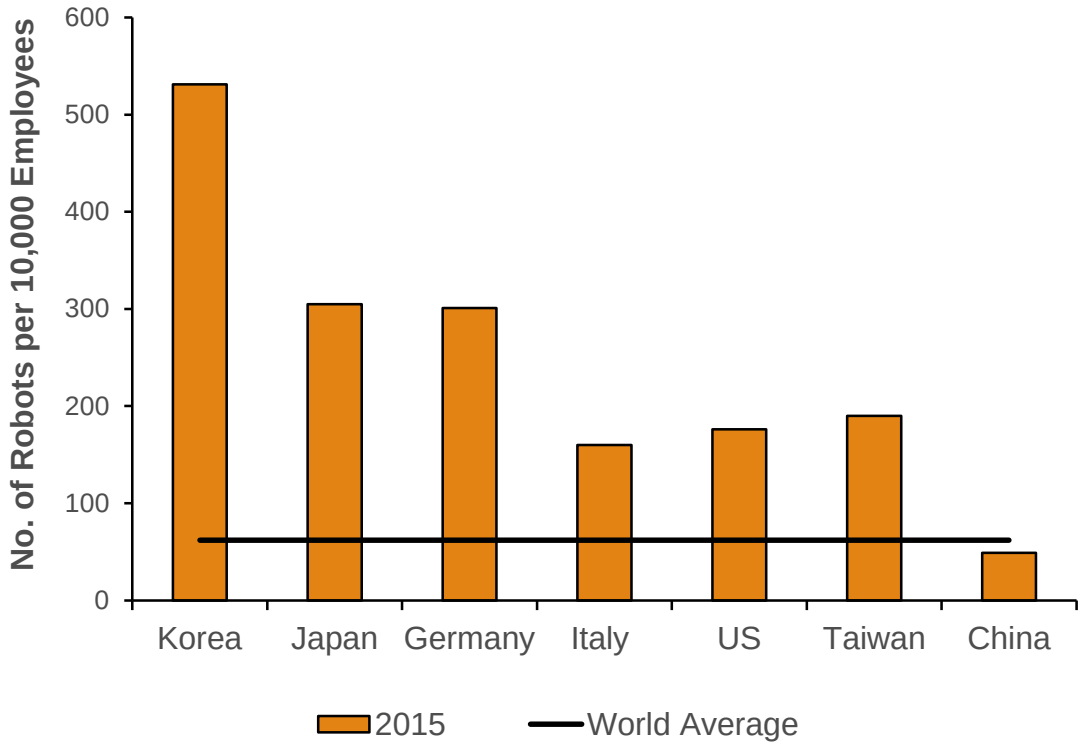
Robots

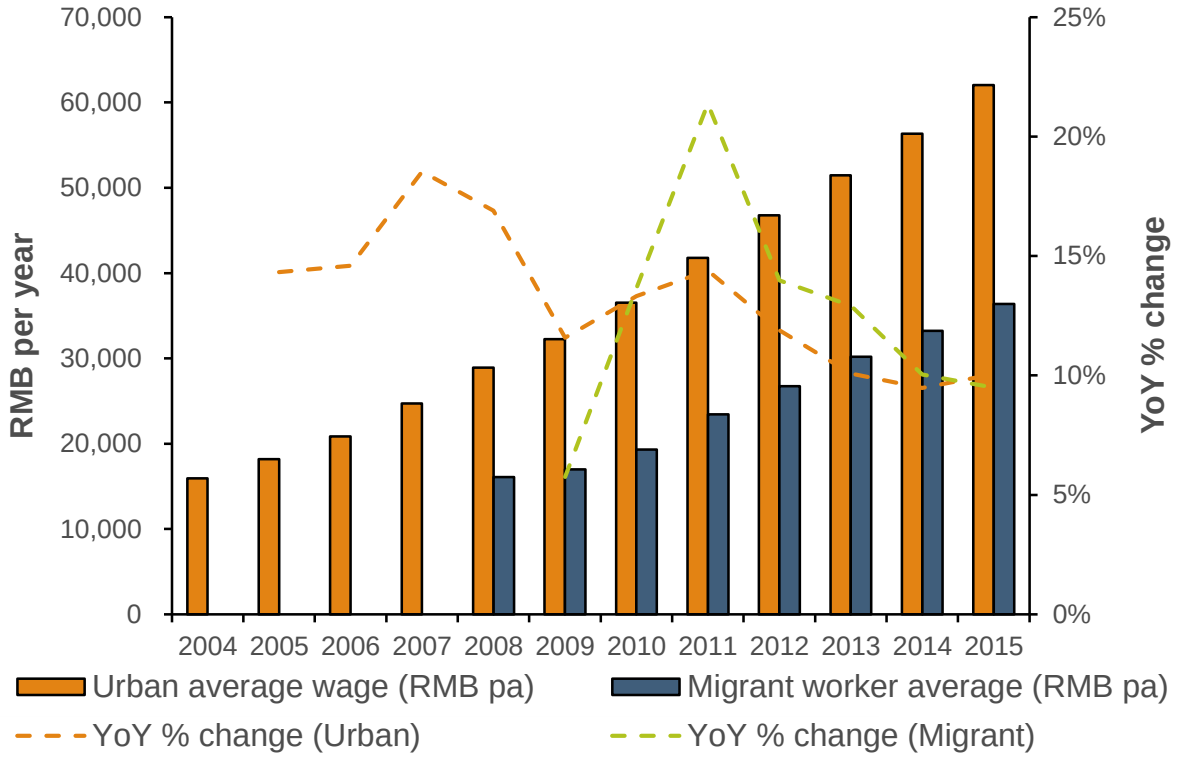


Source : Kuka

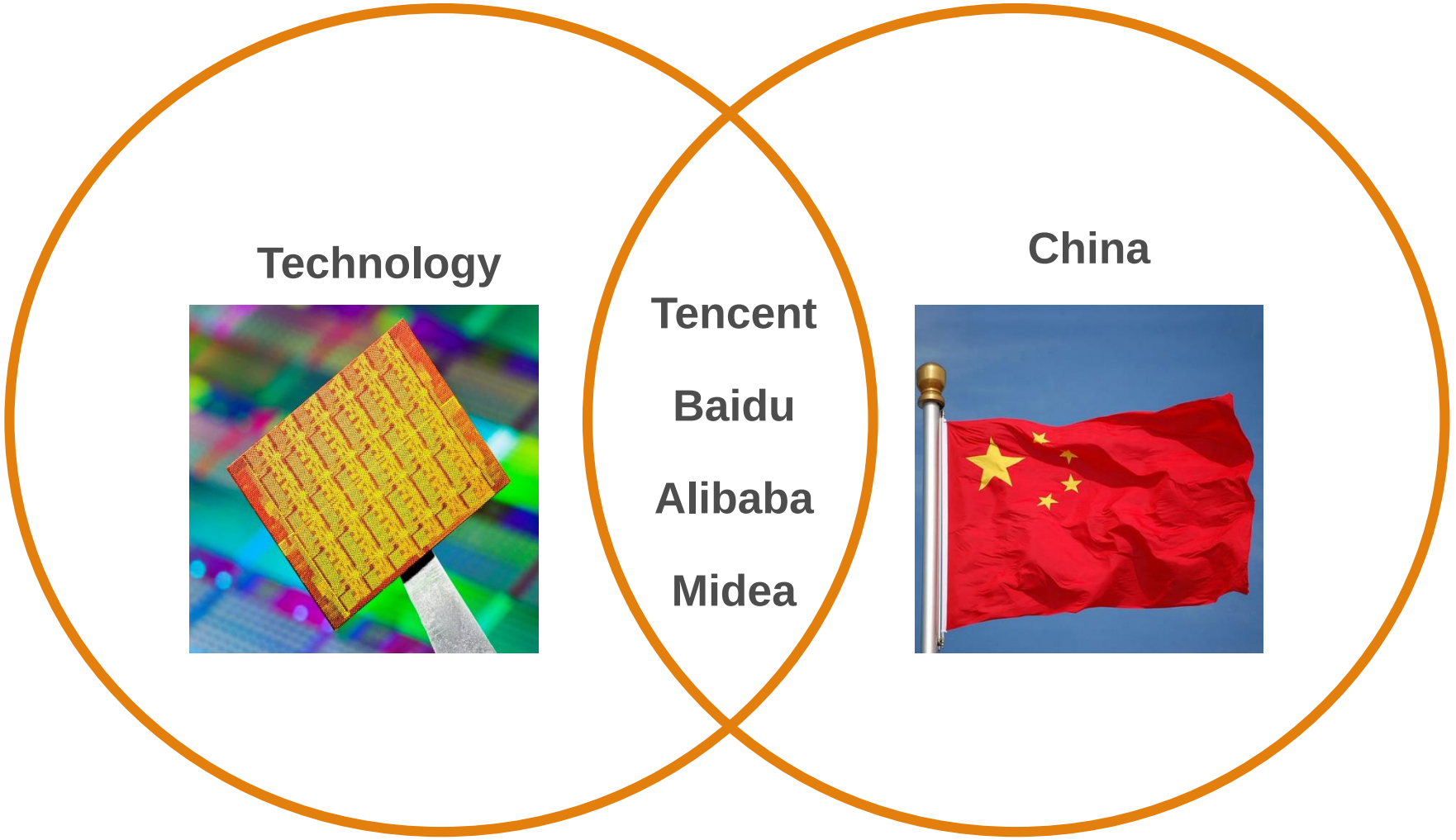
Robots

China is the world's largest industrial robot market and 2x Korea/Japan's size





Source : Bernstein, IFR, Haver



Source : Intel, AliExpress

The Retail Revolution

Lismore, Toowoomba, Mildura, Gippsland, Newcastle, Wollongong

Jamie Halse, Portfolio Manager,
Platinum International Brands Fund

The end of retail as we know it

Source : Rogers Historical Museum

Fragmentation of cereal etc.

Source: Stuff.co.nz, New York Times

The infinite shelf

Source: Business Insider

Instagram influencers

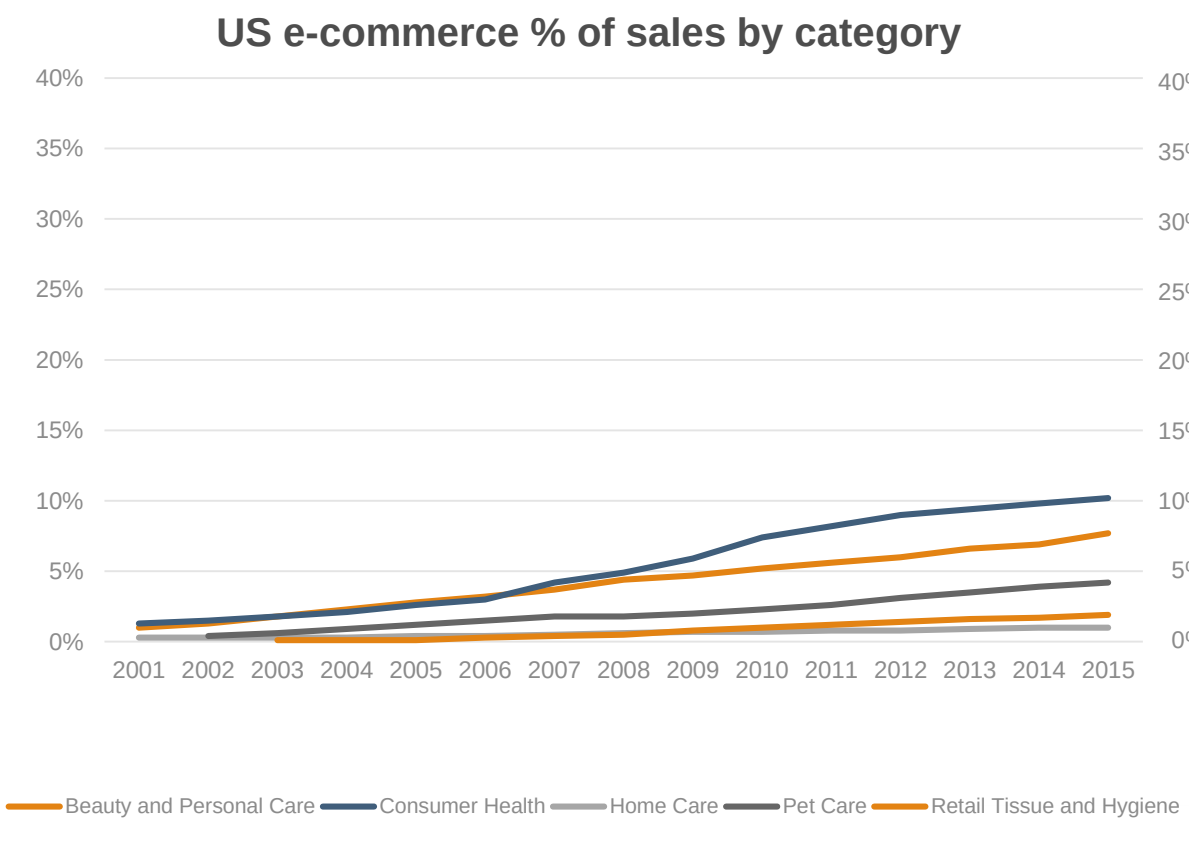
Source: Say Daily

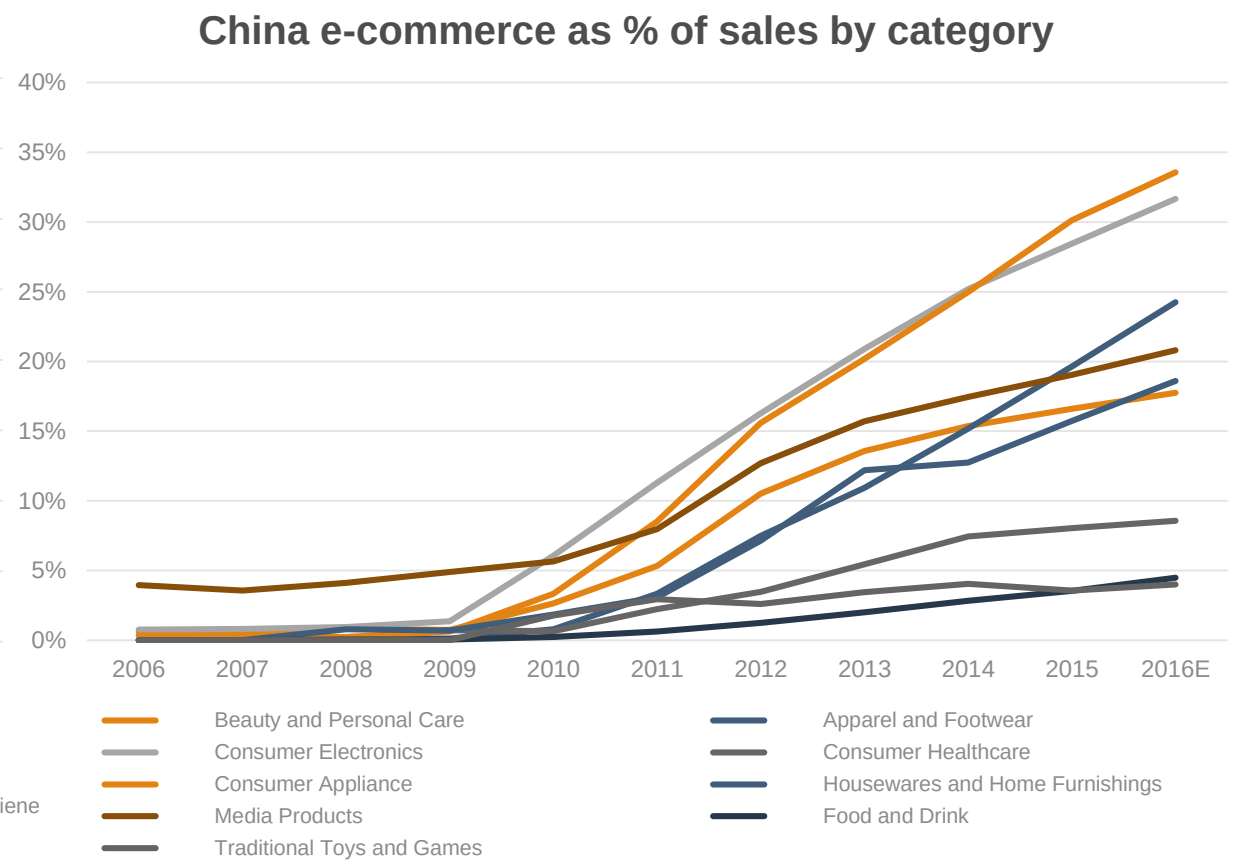
Digital winners

- Platforms
- Social Media
- Online Payments
- Early Movers

Source: We Chat

E-commerce more advanced in China





Source: Bernstein and Bank of America Merrill Lynch

Brands that can still prosper

- Jewellery / Luxury
- Convenience
- Alcohol
- Complex Sales e.g. Toilets!
- Underwear!

Source: Company websites

One step ahead: fragmentation

The Coca-Cola Company

Source: Coca-Cola

PICKing up alpha in Asia

Dr Joseph Lai

Portfolio Manager, Platinum Asia Fund

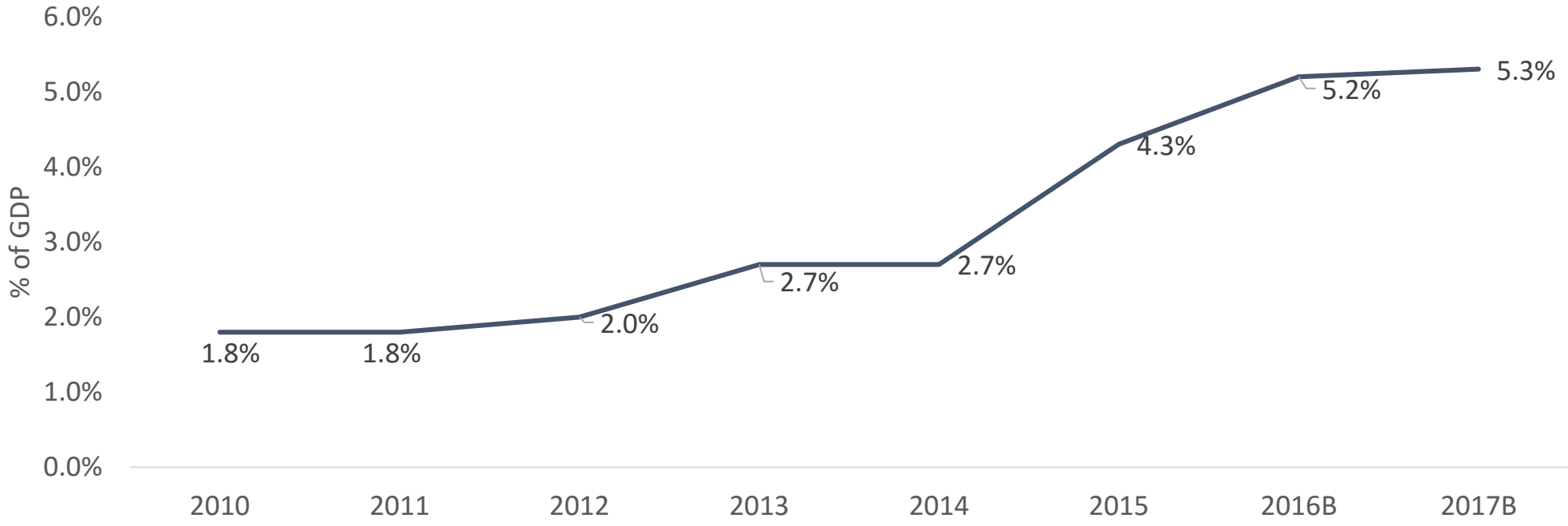
PICKing up alpha in Asia

- P Philippines Ayala Land
- I India Jio (Reliance Industries)
- C China Tencent & Midea
- K Korea Samsung Electronics

Asia = Unloved, Misunderstood Opportunity

Source: Timeout

Philippines infrastructure expenditure to GDP

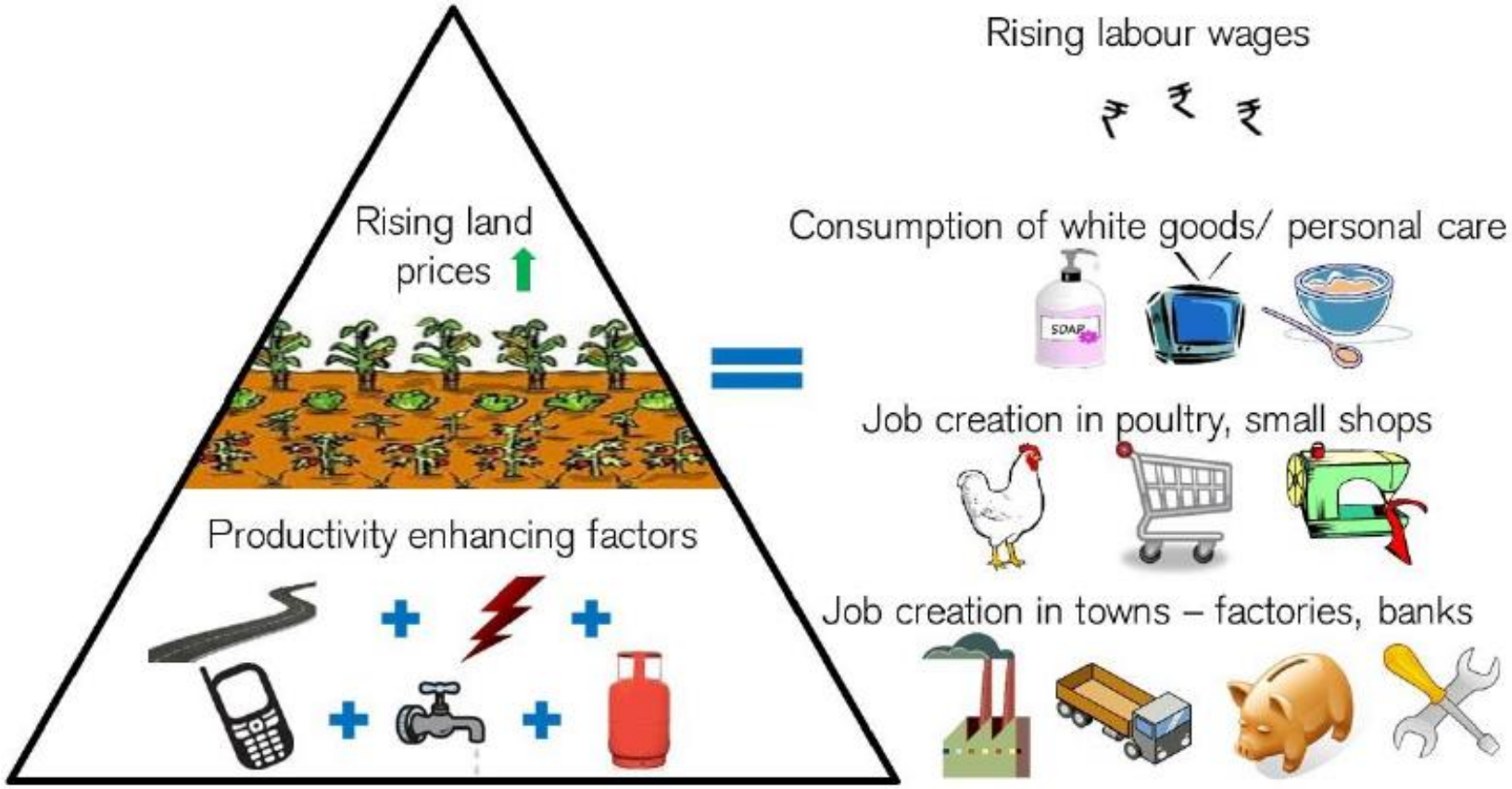


Source: CLSA (B = Budgeted)

Ayala Land

Source: Ayala Land

Developing India's future

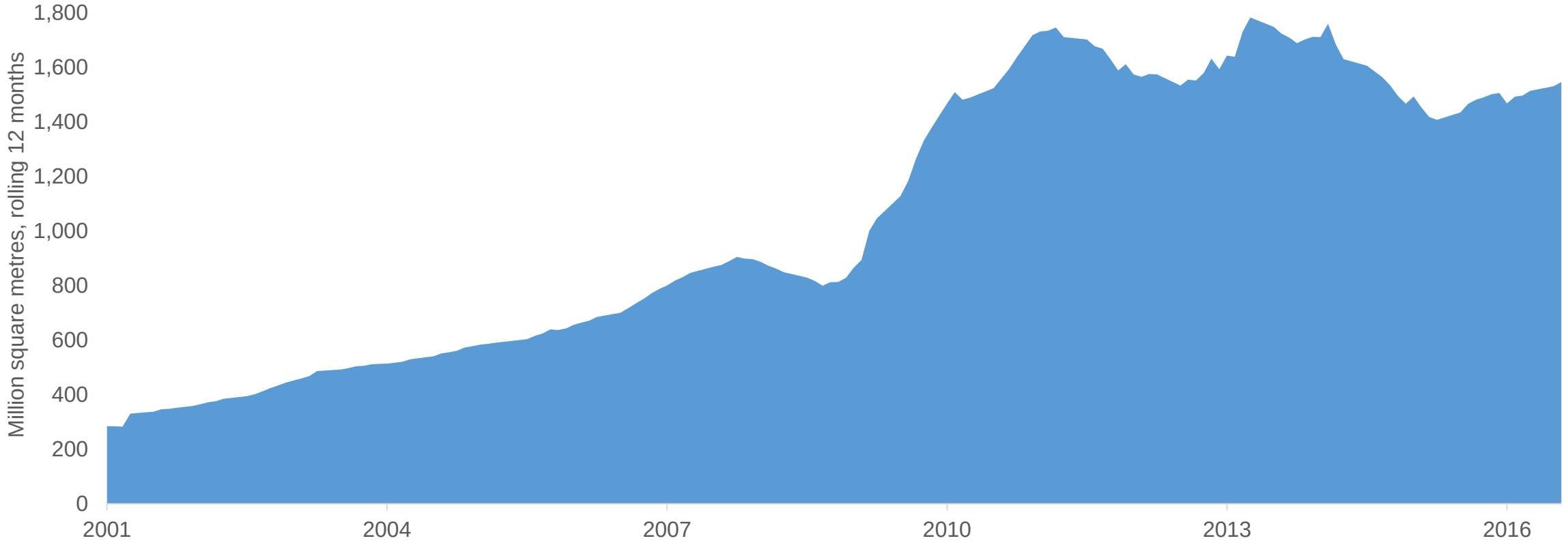


Source: Credit Suisse

Reliance Industries : Jio

Source: Jio

China housing starts

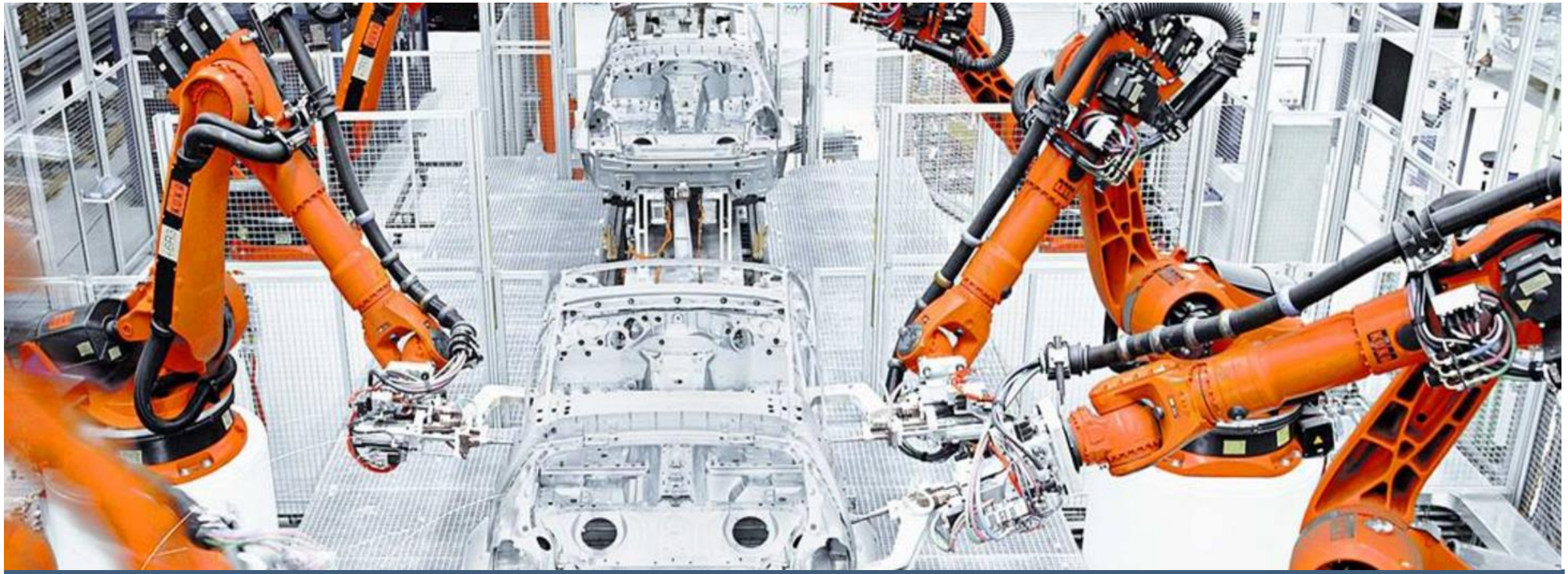


Source: Bloomberg

Tencent

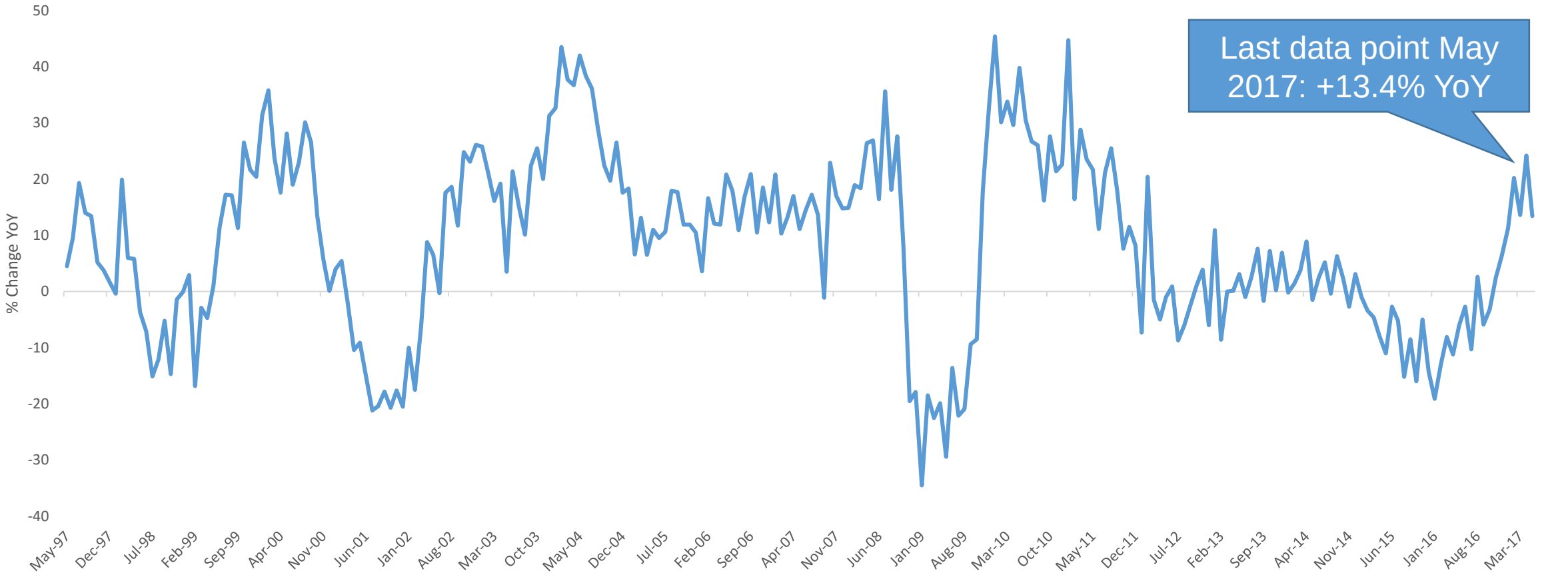
Source: Wechat

Midea



Source: Kuka

Korean exports – strong

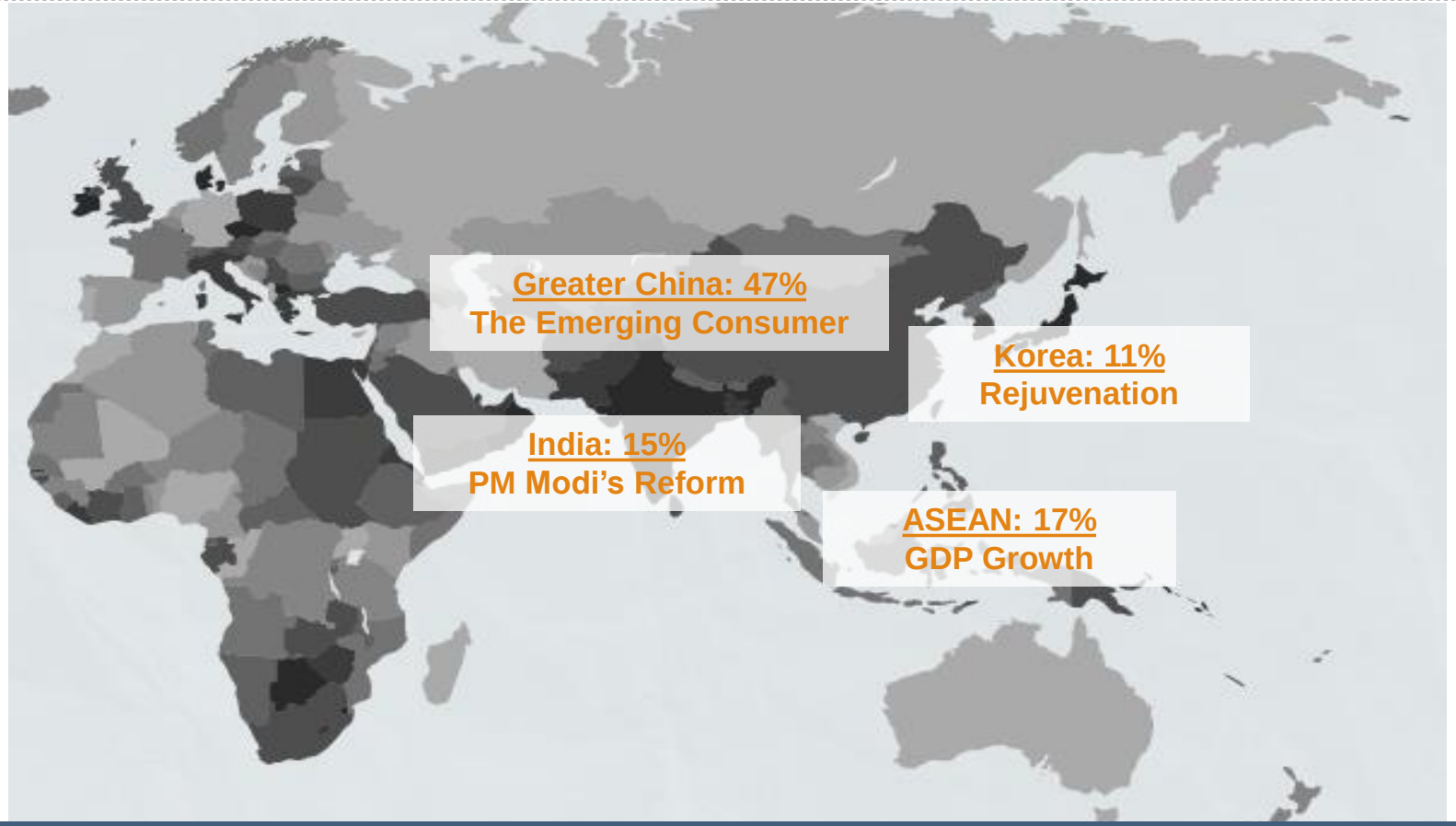


Source: Bloomberg

Samsung Electronics

Source: Samsung

Platinum Asia Fund
Key themes and exposures, as at 31 May 2017



Source: Platinum Investment Management Limited