6 August 2021

The Manager
ASX Market Announcements
Australian Securities Exchange Limited
Sydney NSW 2000

Monthly Net Tangible Asset Update

The unaudited **pre-tax** net tangible asset (***pre-tax NTA***) backing per share of Platinum Asia Investments Limited (***PAI***) as at 31 July 2021 was $1.2803 per share (as at 30 June 2021 it was $1.3625).

The unaudited **post-tax** net tangible asset (***post-tax NTA***) backing per share of PAI as at 31 July 2021 was $1.2327 per share (as at 30 June 2021 it was $1.2896 per share).

The NTA was calculated in accordance with Australian Accounting Standards using the last sale price to value investments. Investments were stated at market value and for the post-tax NTA, after provision for tax on **both** realised and unrealised income and gains.

At 30 July 2021, the PAI share price was $1.175.

The 31 July 2021 monthly update for PAI is attached to this announcement. For more information in relation to PAI please refer to the website at:

www.platinum.com.au/Our-Products/All-Products/Platinum-Asia-Investments-Limited

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Platinum Asia Investments Limited ASX: PAI

MONTHLY REPORT **31 July 2021**

Platinum ASSET MANAGEMENT

FACTS

Portfolio value	$468.44 mn
Portfolio commenced	15 September 2015
Current share price	$1.175
Current dividend yield	5.96%
Pre-tax NTA	$1.2803
Post-tax NTA	$1.2327
Maximum franked dividend	15.97 cps
NTA retained earnings & div profit resv.	24.17 cps

FEES

Management fee:	1.10% p.a. (excl. GST) of portfolio value* plus
Performance fee:	15.00% p.a. (excl. GST) of outperformance over benchmark (MSCI All Country Asia ex Japan Net Index (A$))

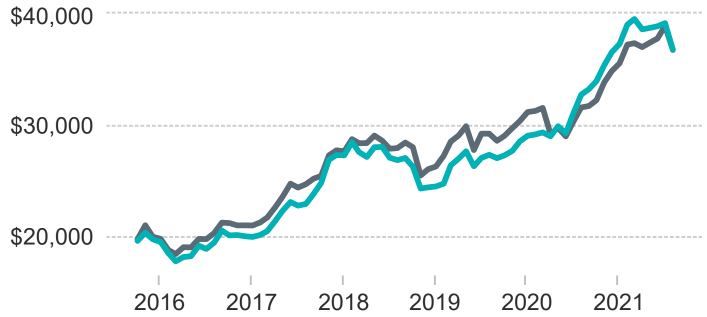
*The portfolio value is the market value of the investments in the portfolio after the deduction of fees and expenses, adjusted for taxes, corporate actions and dividends.

PERFORMANCE [1]

	Company % (Pre-tax NTA)	MSCI %
1 month	(6.0)	(5.5)
3 months	(5.0)	(1.7)
6 months	(5.7)	(1.3)
Calendar year to date	(1.3)	3.3
1 year	12.3	16.2
2 years (compound pa)	15.8	12.0
3 years (compound pa)	10.9	9.5
5 years (compound pa)	13.4	12.4
Since inception (compound pa)	11.0	11.0

PAI'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. **PAI's returns have not been calculated using PAI's share price.**

PERFORMANCE GRAPH [2]



PAI'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. **PAI's returns have not been calculated using PAI's share price.**

PAI (Pre-tax NTA)	84.4%
MSCI	84.2%

INVESTED POSITIONS [3]

	LONG %	SHORT %	NET %	CCY %
Asia-Pacific	83.9	(0.2)	83.7	87.9
Australia				0.1
China	42.5		42.5	42.3
Hong Kong	7.5		7.5	11.4
Taiwan	5.6		5.6	5.6
India	9.2		9.2	9.2
Japan		(0.2)	(0.2)	0.2
Macao	0.9		0.9	0.9
Philippines	1.4		1.4	1.4
Singapore	1.4		1.4	1.4
South Korea	10.1		10.1	10.1
Thailand	1.0		1.0	1.0
Vietnam	4.4		4.4	4.4
Europe				0.3
United Kingdom				0.3
North America				11.8
United States of America				11.8
Sub-Total	83.9	(0.2)	83.7	100.0
Cash	16.1	0.2	16.3	
Total	100.0		100.0	100.0

Long - 58 stocks, 1 swap Short - 1 swap

TOP TEN POSITIONS [4]

STOCK	COUNTRY	INDUSTRY	%
Taiwan Semiconductor	Taiwan	Info Technology	4.9
Samsung Electronics Co	South Korea	Info Technology	4.9
AIA Group Ltd	Hong Kong	Financials	3.5
Vietnam Ent Investments	Vietnam	Other	3.4
ZTO Express Cayman Inc	China	Industrials	3.3
Weichai Power Co Ltd	China	Industrials	3.2
Tencent Holdings Ltd	China	Comm Services	3.0
Alibaba Group Holding Ltd	China	Cons Discretionary	3.0
InterGlobe Aviation Ltd	India	Industrials	2.7
Ping An Insurance Group	China	Financials	2.7
		Total	34.6

INDUSTRY BREAKDOWN [3]

SECTOR	LONG %	SHORT %	NET %
Consumer Discretionary	18.5		18.5
Information Technology	15.1		15.1
Financials	13.6		13.6
Industrials	12.5		12.5
Real Estate	9.1		9.1
Materials	4.4	(0.2)	4.1
Communication Services	3.0		3.0
Consumer Staples	2.7		2.7
Health Care	1.6		1.6
Other	3.4		3.4

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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 Asia ex-Japan Net Index in A$. The investment returns in the line graph are cumulative on A$20,000 invested in PAI 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".

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

Platinum Asia Investments Limited ASX: PAI

MONTHLY REPORT **31 July 2021**

MARKET UPDATE AND COMMENTARY

- China regulatory measures cause consternation.
- Chinese economic moderation induces a response.

July was a difficult month for non-Japan Asian equities in general and PAI. All of the portfolio's major detractors for the month were Chinese stocks. Of note, we had built a moderate position in education provider TAL Education, the value of which has been severely impaired by an effective ban on private provision of after-school tutoring services for profit. Similarly, our property development stocks and Tencent were among our larger detractors from performance for the month – all affected by Chinese regulatory announcements. We discuss Chinese reforms below.

Several Indian holdings were strong contributors for the month, demonstrating the market's willingness to look through current COVID-19 travails in that country. Domestic Chinese sporting apparel brands Li Ning and Anta Sports also contributed strongly, as the market embraced the potential of these companies in a China that is more focused on the health of its youth and more willing to embrace local, in addition to foreign, brands.

Chinese regulatory pushes in context

For many anglophone observers accustomed to decades of the primacy of markets, Chinese regulatory initiatives may appear heavy-handed in the extreme. This is certainly how we perceive much of the press reporting that we encounter on the topic. We would suggest that readers attempt a mental experiment – substitute European Union (EU) for China in the reporting of anti-pollution, anti-corruption, pro-competition, anti-gaming addiction and other regulations, and then see if the measures reported seem so foreign, so shocking. As a reminder, Margrethe Vestager, the EU Competition Commissioner, has imposed billions of euros in fines against tech companies and has been labelled "big tech's fiercest opponent" (Source: Deutsche Welle).

We take China's regulators seriously. In November 2020, we wrote that we were cutting our holdings in Chinese tech firms amid serious regulatory scrutiny. Unfortunately, we saw a small loss from our view that the better private education providers would still have a business following regulation of the sector. This was a calculated risk around a binary outcome that went against us – far from some indicator that China is "uninvestable".

It is important to impress upon investors that China's regulatory and juridical frameworks, while different to those we are accustomed to in Australia and the West – are both functional and amenable to analysis. We dispute the assertion that China has no rule of law, or that the Chinese state is engaged in a war on everything (Source: Australian Broadcasting Commission). China, as with other markets like Japan, South Korea or Germany, has deeply different commercial and regulatory institutions from those in the anglophone West. This is simply part of the analytical task in assessing risk and reward when investing in any country.

We view the current consternation and selling as an opportunity. For more, see here: https://www.platinum.com.au/Insights-Tools/The-Journal/China-Time-to-Run-or-Time-to-be-Bold.

China's slowing economy prompts an official response

China's GDP grew 7.9% versus a year ago in the quarter to June, implying a two-year compound annual growth rate (CAGR) of 5.5% (Source: CICC). China's fixed asset investment rose 12.6% versus a year ago in the first-half of 2021, implying a two-year CAGR of 4.4%; residential property completions grew at 66.5% in June versus June 2020, implying a two-year CAGR of +24.7%; and China produced 33,000 robots in June, up 61% year-on-year and a 56% CAGR from June 2019 (Source: Morgan Stanley). This is clearly an economy that is not collapsing in our view. However, it is slowing, as we have written in previous months. China's official July manufacturing purchasing managers' index (PMI) fell to 50.4 from 50.9 in June, while the non-manufacturing PMI declined to 53.3 from 53.5 (Source: Northern Trust. Readings above 50 indicate expansion). These are the weakest PMI readings of the post-COVID recovery period – further corroboration of an economy operating at a reasonable level but slowing, in our view.

This has prompted a response. The People's Bank of China cut the Reserve Ratio Requirement by 0.5% in mid-July, freeing an estimated one trillion yuan within the banking system for lending (Source: Northern Trust). Further, in the first week of August, the quarterly Politburo meeting hinted at infrastructure spending to support Chinese economic growth in the second-half of 2021 and 2022, funded by local government bond issuance (Source: South China Morning Post). This saw strong positive share price reactions amid civil engineering equipment makers, including portfolio holding Weichai Power. At present, markets are pricing a sharp deterioration in nominal growth globally, in our view. We think nominal growth is likely to be higher for longer than markets anticipate, which creates significant opportunities for investors in rapidly growing Asia.

Source: Chart 1 – IBES consensus, in local currency.
Correct as at 5 August 2021.

Source: Chart 2 – IBES consensus, in local currency.
Correct as at 5 August 2021.

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