

3 November 2021

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

By e-Lodgement

**Platinum Asia Investments Limited – 2021 AGM  
Chairperson’s script and slides**

Attached are copies of the address to be given by Platinum Asia Investments Limited’s Chairperson at the Annual General Meeting today, together with the accompanying slides.

Authorised by  
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Craig will be available to answer any questions you may have in relation to the conduct of the audit, later in the meeting.

Firstly, I table the Notice of Meeting dated 1 October 2021. This notice was sent to all shareholders, so unless there are any objections, I will take the Notice of Meeting as read.

### **Financial summary and investment performance**

Firstly, turning to the financial results and investment performance for the 30 June 2021 financial year.

The Company made a statutory pre-tax operating profit of \$107.7 million and a post-tax operating profit of \$75.9 million for the financial year ended 30 June 2021. The profit is a direct result of outstanding investment returns achieved by the manager for the year ended 30 June 2021 and is the strongest result for any financial year since the Company's inception in June 2015.

The Board maintains that the most appropriate measure of the Company's investment performance is the percentage change in its pre-tax net tangible assets or "NTA". On this measure, the Company delivered a very strong investment return of 25.8% for the year ended 30 June 2021. This return is after fees and expenses, adjusted for corporate taxes paid and any capital flows and assumes the reinvestment of dividends. The MSCI AC Asia ex-Japan (Index) returned 28.1% over the same period.

The Company's return was achieved during an unpredictable year as the markets reacted to the global pandemic and despite an average net invested position of 85%, providing downside protection for the portfolio.

In terms of the share price, the Company's shares continued to trade at a discount to pre-tax NTA. However, the discount narrowed during the financial year, resulting in the total shareholder return of 29.0% for the year ended 30 June 2021.

In order to draw a fairer comparison with the Index and pre-tax NTA performance, the dividends paid of 7 cents per share during the year should be grossed up for franking credits at the Company's tax rate of 30%, resulting in a pre-tax total shareholder return of 31.7%.

I would like to take this opportunity to re-emphasise the investment objective of the Company which is to provide capital growth over the long-term by investing in undervalued companies in the Asian region (ex-Japan) across sectors. The investment manager is also acutely focused on avoiding permanent impairment of capital and manages this downside risk by adjusting cash levels and taking short positions, as appropriate. Platinum also actively manages the currency exposure arising from its investments. As a result, Platinum is well-known for having a differentiated approach, with the Company's portfolio being constructed very differently to the index to which it is often compared.

Unlike the index, Platinum's style provides investors with a true actively managed and diversified portfolio, with built in downside protection.

Looking at the Company's investment returns over longer time horizons, the Company has achieved an annualised investment return of 15.5% p.a. for the 5 years to 30 June 2021 compared with the index return of 14.3% p.a., despite an average net invested position of 84%. Since inception to 30 June 2021, the Company has delivered an annualised return of 12.3% p.a. against the index return of 12.2% p.a., again despite an average net invested position of 84%. These returns

demonstrate that Platinum's investment style has delivered strong results over the longer term, whilst at the same time seeking to provide protection against a market downturn.

To keep shareholders fully informed, Platinum releases weekly and monthly calculations of the Company's NTA backing per share to the ASX. Platinum also publishes monthly investment performance updates and sends out quarterly investment reports to all shareholders.

## **Dividends**

The Company declared a 2021 fully-franked final dividend of 6 cents per share, bringing the total dividends declared for the 2021 financial year to 10 cents per share. This represented a dividend yield of 8.1% based on the 30 June 2021 closing share price.

The Board aims to deliver a consistent stream of fully-franked dividends to shareholders over time through its policy of dividend smoothing, subject to future earnings, cash flows, franking credits and accounting profits.

Our investors have benefitted from the Company's ability to manage the level of fully-franked dividend payments over time. This is a key strength of its listed investment company structure. In this regard, the Company has delivered an average dividend yield of 5.2% over the past 5 years to 30 June 2021.

The ability to pay future fully-franked dividends will continue to depend on the Company paying tax on realised profits.

## **Capital management**

Like other listed investment companies, at any time the Company's shares may trade on the ASX at a premium or discount to the pre-tax NTA. The share price is largely determined by the activity of buyers and sellers on the ASX. The Board has been actively monitoring the discount, which has been a more recent theme in the broader listed investment company market.

On 8 April 2021, the Company extended its on-market share buy-back for a further 12 month period, although no shares have been bought-back to date. With respect to on-market buy-backs conducted by other companies more recently, the Board has observed that they have not been successful in narrowing share price discounts. As a result, the Board would only consider implementing the buy-back if the discount was extreme and the Board was of the view that such action would be in the best interests of shareholders.

Market experience has indicated that buy backs are not effective in reducing discounts rather investment performance, shareholder engagement and FUM scale and liquidity are the key drivers to reducing the discount.

Improved investment performance relative to the broader market, should see this discount narrow.

With these things in mind, the Board will continue to actively monitor the discount having regard to the prevailing market conditions.

## **Director appointments**

I will now outline some important changes to the composition of the Board that were announced on 6 September 2021.

As Chairperson of both this Company and Platinum Capital Limited (PMC), Platinum's other listed investment company, it became clear that both companies face many common issues, not least in relation to legal, risk and compliance matters. As such, it was felt that there are many benefits to having a common board of directors across both companies.

In recognition of this, following Malcolm Halstead's resignation from the Board, the Board appointed Mr Jim Clegg and Mr Richard Morath, both non-executive directors of PMC, to the Company's Board as independent non-executive directors, effective 9 September 2021. Mr Clegg and Mr Morath join myself and Mr Ian Hunter as the non-executive directors of the Company.

Mr Clegg has over 35 years' of experience in the financial services industry. Mr Clegg was the founding managing director of Pembroke Financial Planners and was formerly a director of Godfrey Pembroke, Berkley Group and Centric Wealth. He was also formerly a trustee of The Walter and Eliza Hall Trust.

Mr Morath has over 40 years' of experience in life insurance, funds management, banking and financial planning. He is a director of JANA Investment Advisors Limited, BNZ Life, BNZ Insurances and National Wealth Management Holdings New Zealand. He is also a Fellow of the Institute of Actuaries of Australia.

In recognition of the benefits and efficiencies of a common board of directors across both companies, our incumbent directors' fees were reduced, such that following these appointments to the Board, the aggregate directors' fees paid by the shareholders have remained unchanged. As such, we are confident that these appointments are in the best interests of shareholders.

### **Corporate governance**

This is the first financial year that the Company has been required to disclose against the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations – 4th Edition. As a result, during the financial year the Board reviewed and uplifted its corporate governance policies and procedures to address any gaps.

The Company also lodged its first modern slavery statement as a voluntary reporting entity under the broader Platinum Group Modern Slavery Statement, and introduced a new Modern Slavery Policy and Anti-Bribery and Corruption Policy, all of which are available on the Company's and Platinum's websites.

### **COVID-19**

Following Sydney's lockdown in June earlier this year, the Board continued to receive regular updates from Platinum to understand how the Company's investment and operational risks were being managed by Platinum during this period. Pleasingly, COVID-19 has not had any impact on the ability of the Company or Platinum to perform business activities. Platinum's employees have been working from home since the start of the lockdown. However, with restrictions loosening from 11 October 2021, Platinum has started to allow employees back into the office, subject to compliance with the requirements of NSW public health orders.

### **Performance for the 2022 financial year and market outlook**

For the first three months of the 2022 financial year, the Company's pre-tax NTA decreased by 4.9%, against the index return of negative 5.8%. This was largely due to the sharp sell-off in Asian markets early in the quarter, driven by weakness in China. Platinum has recently noted:

*“While China has recently been a source of concern for many ... its shares have already been marked down sharply.... There are many reasons to remain optimistic about the long-term opportunity, not just in China, but across Asia. This is a vibrant dynamic region, with well-educated and driven people, hungry to further improve their living standards. Recent fears have led to low relative valuations in parts of the region, creating a set-up which is attractive for those with a long-term view.”*

The most recent weekly pre-tax NTA per share released to the market as at 22 October 2021 was \$1.23.

On behalf of the Board I would like to thank Mr Malcolm Halstead who retired from the Board on 8 September 2021. Malcolm served on the Board from the initial IPO in June 2015 and always made a valuable contribution to Board discussion. We wish him well in his retirement. I also express our appreciation of the work done by Andrew Clifford and Cameron Robertson and the broader Platinum team during what have been challenging times.

I now invite Cameron Robertson, the Company’s co-portfolio manager to provide an informal address on his investment outlook for the Company and the future challenges and opportunities. Both Cameron and Andrew Clifford will be available to take investment related questions after Cameron’s address.

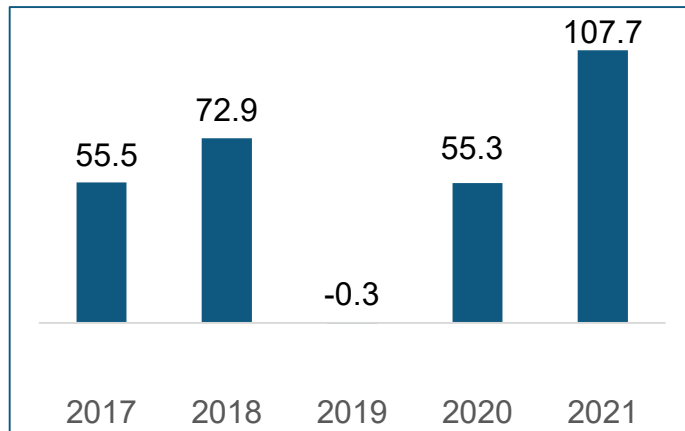
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# Annual General Meeting

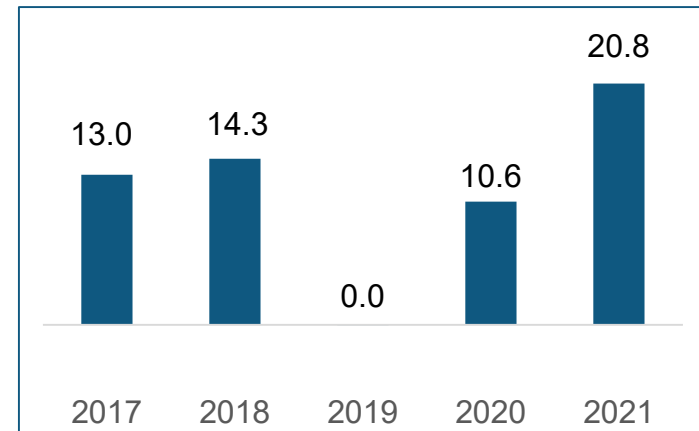
3 November 2021

# Financial summary

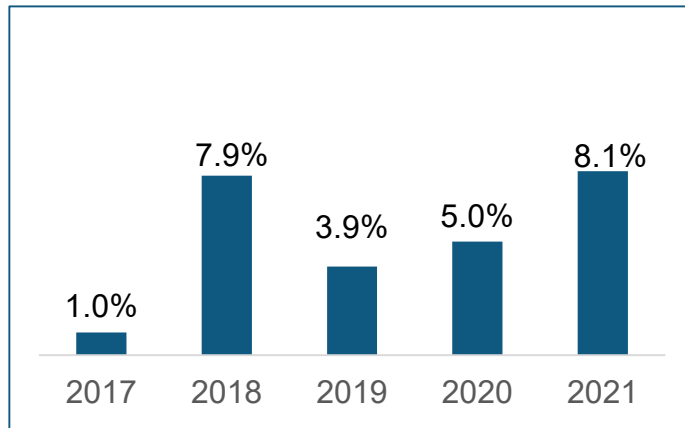
Profit before tax (A\$m)



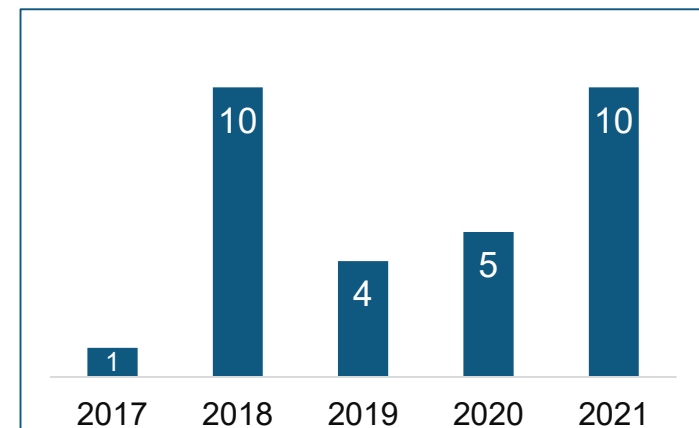
Earnings per share (cents)



Dividend yield (%)



Dividend declared (cents per share)



**Total shareholder return of 29.0% in FY21**





# Investment performance

as at 30 June 2021

- ◆ The Company's overall pre-tax NTA investment return for the 2021 FY was 25.8%, the strongest result for any financial year since the Company's inception, despite an average net invested position of 85%.
- ◆ This was achieved during a unpredictable year as the markets reacted to the global pandemic.
- ◆ The investment objective of the Company is to provide capital growth over the long-term by investing in undervalued companies in the Asia-ex Japan region.
- ◆ Platinum is also acutely focused on avoiding permanent impairment of capital, and is well-known for having a differentiated approach.
- ◆ The Company's portfolio is constructed very differently to the MSCI AC Asia ex-Japan Index \$A – this requires an absolute return mindset.



# Investment performance

as at 30 June 2021

Period	Pre-Tax NTA Return *	MSCI All Country Asia ex Japan Net Index (\$A)
1 year (compound p.a.)	25.8%	28.1%
3 years (compound p.a.)	12.9%	11.6%
5 years (compound p.a.)	15.5%	14.3%
Since inception** (compound p.a.)	12.3%	12.2%

\*The pre-tax NTA returns are calculated using the Company's ("PAI's") pre-tax net tangible asset backing per share for the specified period (as released to the ASX) and represent the combined capital and income return of the Company's investments after the deduction of fees and expenses, adjusted for corporate taxes paid (ie, corporate taxes paid are added back to the portfolio value) and any capital flows, and assumes the reinvestment of all dividends. Returns are not calculated using the Company's share price.

\*\* 15 September 2015.



# Dividends

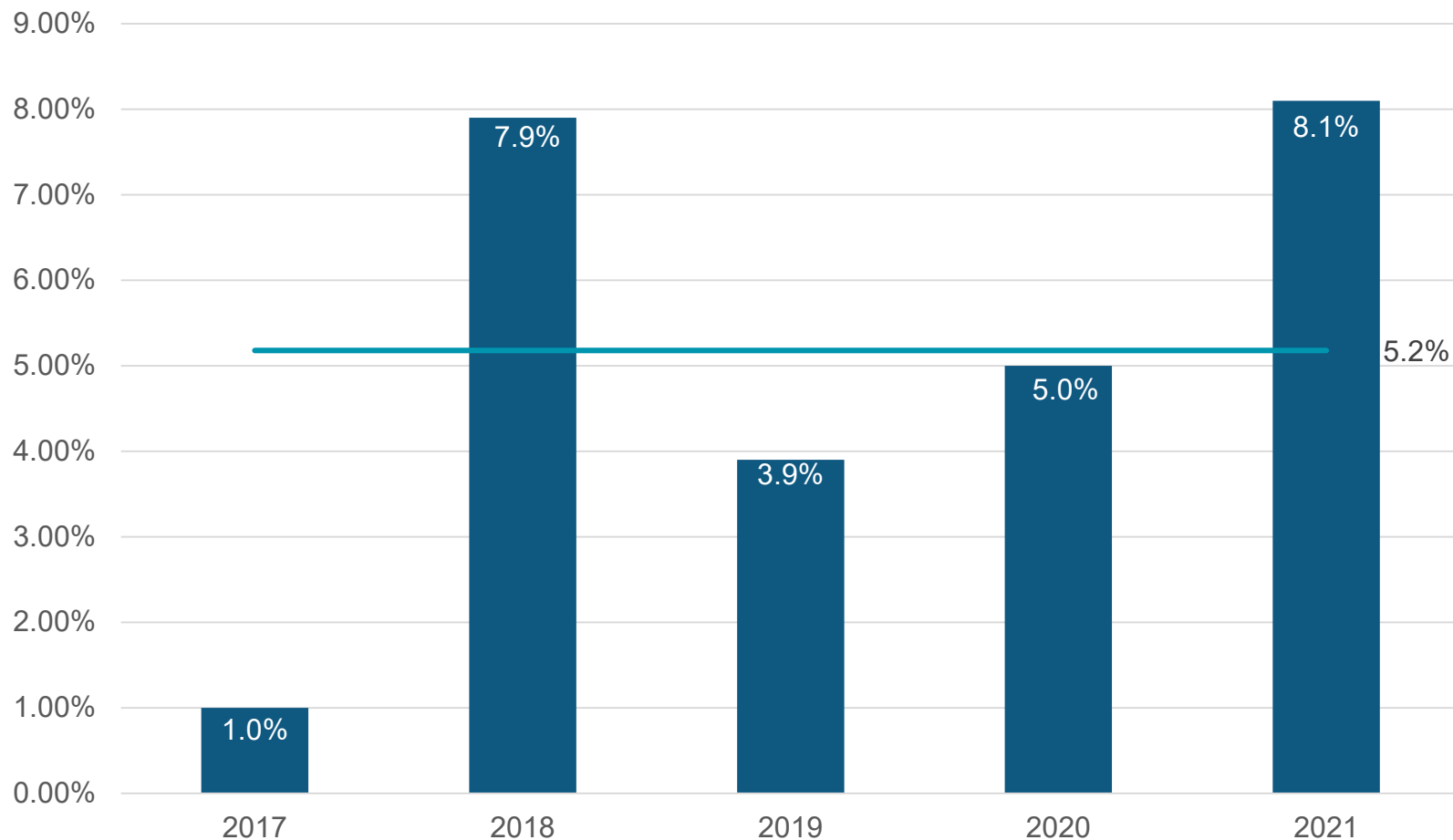
- ◆ The Company declared a 2021 fully-franked final dividend of 6 cents per share, bringing the total dividends declared for the 2021 financial year to 10 cents per share.
- ◆ The dividend yield for the year was 8.1% based on the 30 June 2021 closing share price.
- ◆ The Board aims to deliver a consistent stream of fully franked dividends to shareholders over time through its policy of dividend smoothing, subject to future earnings, cash flows, franking credits and accounting profits. The ability to pay future fully franked dividends will continue to depend on the Company's ability to generate realised profits and pay tax.

Source: Platinum Investment Management Limited ("Platinum").



# Dividend yield

Average dividend yield of 5.2% over the past 5 years



Dividend declared  
in cents per share:

1

10

4

5

10

Dividend yields based on the closing price on the ASX at 30 June of each year.

6 Source: Platinum Investment Management Limited ("Platinum"). The ability to pay future fully-franked dividends will continue to depend on the Company paying tax on realised profits.



# Capital management

- ◆ The Board has been actively monitoring the share price discount.
- ◆ On 8 April 2021 the Company announced an extension of its on-market 10/12 limit share buy-back for a further 12 month period. No shares have been bought-back to date.
- ◆ Market experience has indicated that buy backs are not effective in reducing discounts.
- ◆ Board would only consider implementing the buy-back if the discount was extreme and such action would be in the best interests of shareholders.
- ◆ The discount is largely reflective of the portfolio's investment performance relative to the broader market.
- ◆ The Directors believe that the key drivers to reducing the discount are:
  - investment performance;
  - shareholder engagement; and
  - funds under management (providing scale and liquidity).



# Director changes and corporate governance

- ◆ It became clear that Platinum's listed investment companies face many common issues.
- ◆ The Board appointed Richard Morath and Jim Clegg, who are both non-executive directors of Platinum Capital Limited, to the Company's Board as independent non-executive directors, effective 9 September 2021.
- ◆ Incumbent directors' fees were reduced, such that with Mr Morath's and Mr Clegg's appointment, aggregate directors' fees have remained unchanged.



# Investment outlook

- ◆ For the first three months of this financial year, the Company's pre-tax NTA investment decreased by 4.9%. The MSCI Asia ex-Japan Net Index (\$A) decreased by 5.8%.

- ◆ The investment manager has recently noted:

*"While China has recently been a source of concern for many and the economic environment there is softening in places, its shares have already been marked down sharply. As such, barring some extreme and unlikely scenario, we think it is reasonable for long-term investors to expect healthy investment returns from current levels.*

*It is important to remember that the stock market is a predictive machine, so as investors, we should benefit when people start to feel slightly more positive about the prospects for that country. And let's not forget, there are actually many reasons to remain optimistic about the long-term opportunity, not just in China, but across Asia more generally.*

*This remains a vibrant dynamic region, with well-educated and driven people, hungry to further improve their living standards. The opportunity for investors in Asia remains bright, and recent fears have led to correspondingly low relative valuations in parts of the region, creating a set-up which is looking increasingly attractive for those able to take the longer-term view."*

- ◆ The most recent weekly pre-tax NTA released to the market as at 22 October 2021 was \$1.23.



# Business of the meeting

- ◆ Financial and Statutory Reports (not voted on)
  
- ◆ Resolutions:
  1. Re-election of Margaret Towers as a Director
  2. Election of Jim Clegg as a Director
  3. Election of Richard Morath as a Director
  4. Adoption of the Remuneration Report





# Proxy results

Resolution 1. Re-election of Margaret Towers as a Director

<b>FOR</b>	<b>AGAINST</b>	<b>OPEN-USABLE CHAIR</b>	<b>OPEN-USABLE NON-CHAIR</b>
75,661,319	517,867	1,382,975	1,105,786
96.18%	0.66%	1.76%	1.40%



# Proxy results

Resolution 2. Election of Jim Clegg as a Director

<b>FOR</b>	<b>AGAINST</b>	<b>OPEN-USABLE CHAIR</b>	<b>OPEN-USABLE NON-CHAIR</b>
75,207,974	593,418	1,482,975	1,105,786
95.94%	0.76%	1.89%	1.41%



# Proxy results

Resolution 3. Election of Richard Morath as a Director

<b>FOR</b>	<b>AGAINST</b>	<b>OPEN-USABLE CHAIR</b>	<b>OPEN-USABLE NON-CHAIR</b>
75,180,213	609,179	1,482,975	1,105,786
95.92%	0.78%	1.89%	1.41%



# Proxy results

## Resolution 4. Adoption of the Remuneration Report

<b>FOR</b>	<b>AGAINST</b>	<b>OPEN-USABLE CHAIR</b>	<b>OPEN-USABLE NON-CHAIR</b>
73,495,927	2,516,510	1,267,052	1,065,390
93.81%	3.21%	1.62%	1.35%



# Platinum Asia Investments Limited

- ◆ Investment manager's report
- ◆ Close of meeting



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