

## Facts

Portfolio value	\$4.56 bn
Fund commenced	04 March 2003
Minimum investment	A\$20,000 or NZ\$20,000
Regular Investment Plan (min.)	A\$200 or NZ\$200 per mth/qtr
Income distribution date	Annual, 30 June
Unit valuation	Sydney Business Day
Unit prices	App - 2.7679    Red - 2.7540

## Performance<sup>1</sup>

	FUND %	MSCI %
1 month	4.40	3.94
3 months	7.47	7.23
6 months	(3.81)	(0.92)
Calendar year to date	(2.72)	(0.04)
1 year	(12.77)	(12.79)
2 years (compound pa)	9.47	8.17
3 years (compound pa)	10.22	8.92
5 years (compound pa)	10.58	7.01
7 years (compound pa)	8.91	7.40
10 years (compound pa)	8.75	5.72
Since inception (compound pa)	14.93	9.52

## Fees

Entry fee	Nil
Exit fee	Nil
Management Expense Ratio/ Indirect Cost Ratio (MER/ICR)	1.54% per annum (inclusive of investment & administration costs)
Brokerage paid	Nil
Buy/sell spread	0.5% total

## Performance graph<sup>2</sup>



Source: Factset and Platinum

## Invested positions<sup>3</sup>

	LONG %	NET %	CURRENCY %
Canada	0.3	0.3	0.3
China	6.1	6.1	(3.8)
China Ex PRC	24.9	24.9	
Hong Kong	3.7	3.7	27.7
Taiwan	3.8	3.8	1.1
India	19.8	19.8	20.4
Indonesia	0.2	0.2	0.2
Korea	9.0	9.0	2.7
Philippines	4.6	4.6	1.6
Singapore	2.6	2.6	
Thailand	5.8	5.8	5.8
United States	1.0	1.0	42.2
Vietnam	3.2	3.2	2.8
	85.0	85.0	
Australian Dollar			3.2
China Renminbi Off Shore			(4.6)
UK Pound Sterling			0.5
Cash & Accruals	15.0	15.0	
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Long - 67 stocks, 6 swaps, 1 bond

## Top ten positions<sup>4</sup>

STOCK	COUNTRY	INDUSTRY	%
Tencent Holdings Ltd	China Ex PRC	Info Technology	4.3
Yes Bank Ltd	India	Financials	3.8
Samsung Electronics Co Ltd	Korea	Info Technology	3.7
JD.com Inc ADR	China Ex PRC	Cons Discretionary	3.6
Kasikornbank PCL Foreign	Thailand	Financials	3.4
Ayala Land Inc	Philippines	Financials	3.1
ICICI Bank Ltd	India	Financials	2.9
Jardine Matheson Holdings	Singapore	Industrials	2.6
CNOOC Ltd	China Ex PRC	Energy	2.5
China Resources Gas Group	China Ex PRC	Utilities	2.5

## Industry breakdown<sup>3</sup>

SECTOR	LONG %	NET %
Financials	25.0	25.0
Info Technology	17.0	17.0
Cons Discretionary	10.5	10.5
Consumer Staples	9.9	9.9
Industrials	8.1	8.1
Utilities	7.3	7.3
Energy	4.0	4.0
Materials	1.3	1.3
Telecom Services	1.2	1.2
Other	0.4	0.4

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No company and the directors in the Platinum Group® guarantee the performance of the Fund, the repayment of capital, or the payment of income. To the extent permitted by law, no liability is accepted by any company of the Platinum Group and their directors for any loss or damage as a result of any reliance on this information.

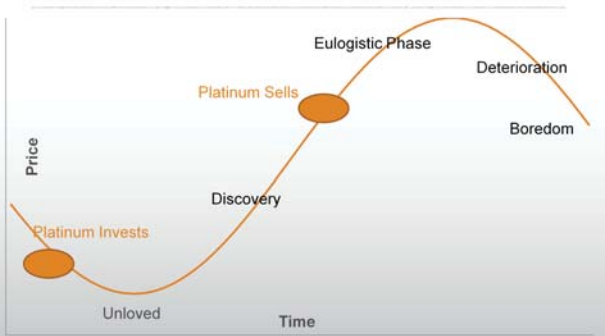
1. Investment returns are calculated using the Fund's unit price and represent the combined income and capital return for the specified period. They are net of fees and costs (excluding the buy-sell spread and any investment performance fee payable), pre-tax, and assume the reinvestment of distributions. The investment returns shown are historical and no warranty can be given for future performance. You should be aware that historical performance is not a reliable indicator of future performance. Due to the volatility of underlying assets of the Fund and other risk factors associated with investing, investment returns can be negative (particularly in the short-term).

2. The investment returns depicted in this graph are cumulative on A\$20,000 invested in the Fund since inception relative to the MSCI All Country Asia ex Japan Net Index in A\$ ("Index"). The investment returns are calculated using the Fund's unit price. 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. It should be noted that Platinum does not invest by reference to the weightings of the Index. Underlying assets are chosen through Platinum's individual stock selection process and as a result holdings will vary considerably to the make-up of the Index. The Index is provided as a reference only.

3. The "Long%" represents the exposure to physical holdings, corporate fixed income securities and long stock derivatives. The "Net %" represents the exposure of physical holdings and both long and short derivatives. The "Currency %" represents the currency exposure for the Fund's Portfolio, taking into account currency hedging.

4. Top Ten positions shows the Fund's top long share exposure positions. Long derivative exposures are included, however, short derivative exposures are not.

### Platinum's approach



Source: Platinum



### Drivers of Asia's Development

Financial Capital : high savings rate
Social Capital : education, particularly STEM
Globalisation : beneficiary of trade
<b>&amp; NOW</b>
The Internet as Enabler
Government Policy & Reform



### Rewards from Asian investing

Pricing Imperfections
Fastest Growing Economic Bloc
Under-appreciated Scale AND Substance
Labour Cost Arbitrage
Almost Certain: Future Index Inclusion (HUGE Underweight to Close)
<b>Expressed Via</b>
China and ASEAN Consumer, Indian Infrastructure, Tech Leaders, Korean Banks



### Key Chinese Consumer-facing holdings

Source: Company Websites, South China Morning Post, Bloomberg, avj.com



### Market update and Commentary

The Fund has delivered a disappointing -12.8% one year return, in line with falls across the Asian markets. The month of May marked one year from the recent peak in Asian markets, with the fall led by China's domestic market; the A-share market down by 37% (in A\$) over this period.

Over the life of the Fund (+13 years), stock picking has been strong and added several per cent a year to market returns, which have themselves been robust; but over the last year there has only been a small collection of winners in tough markets. At the extremes, the performance of Vietnam Dairy, and Chinese internet companies Sina and Tencent have been standout performers. The Chinese insurers and a number of consumer companies were particularly hard hit in the sell-off.

We took action around this time last year to reduce exposure to markets from around 95% to nearer 80% and while this acts as some small cushion, it has not been enough to protect the Fund from widespread share price falls. It is worth noting that at the time we did this, we did not feel that valuations of the stocks we retained in the portfolio were excessive, but there was some general exuberance in some more speculative companies in China in particular, and the increased risk aversion has affected companies broadly.

Over the last year we have held roughly 40% of the Fund in China, which has declined sharply, costing the fund negative 8% in performance. We believe that our holdings in strong consumer-facing companies with strong balance sheets are well-placed within the context of a country going through tremendous change. We also note that those following markets professionally are aware of China's financial problems, and the questions are focused around how it unfolds and who will take the pain. Our assessment is that the strongest businesses will be able to grow over the medium term and are priced attractively. We cannot know the path of their share prices so are alert to the risks of a bumpy ride.

When we look at the Fund's valuation, the weighted median forward P/E is 13X, and we have cash to deploy into ideas that present themselves. This compares with the US S&P500 Index on about 18X (higher if one uses GAAP accounting) and the structurally compromised Australian market on 17X. As price is the best predictor of future returns, we are comfortable with the portfolio's valuations.

Our recent national investor and adviser roadshow addressed global market concerns in much detail, and The Journal section of our website ([www.platinum.com.au](http://www.platinum.com.au)) has a lot of relevant content that provides broad context.