

Facts

Portfolio value	\$4.39 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 - 2.7216 Red - 2.7080

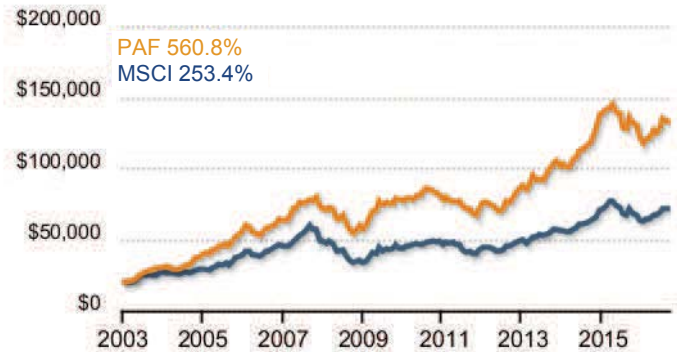
Performance¹

	FUND %	MSCI %
1 month	(0.21)	(0.96)
3 months	3.16	3.34
6 months	9.30	10.21
Calendar year to date	1.85	5.98
1 year	(2.11)	(0.06)
2 years (compound pa)	6.55	6.88
3 years (compound pa)	10.05	9.16
5 years (compound pa)	13.24	11.34
7 years (compound pa)	8.53	7.65
10 years (compound pa)	8.62	5.61
Since inception (compound pa)	14.82	9.68

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	0.25%/0.25%

Performance graph²



Invested positions³

	LONG %	NET %	CURRENCY %
China	9.6	9.6	2.5
China Ex PRC	29.2	29.2	
Hong Kong	3.1	3.1	21.5
Taiwan	2.6	2.6	2.9
India	17.6	17.6	19.3
Indonesia	0.1	0.1	0.1
Korea	9.5	9.5	9.8
Malaysia	1.0	1.0	1.0
Philippines	4.6	4.6	4.7
Singapore	0.2	0.2	0.2
Thailand	6.9	6.9	6.9
Vietnam	3.1	3.1	3.1
	87.6	87.6	
Australian Dollar			11.5
China Renminbi Off Shore			(8.4)
UK Pound Sterling			0.3
United States Dollar			24.5
Cash & Accruals	12.4	12.4	
Total	100.0	100.0	100.0

Long - 74 stocks, 5 swaps, 1 bond

Top ten positions⁴

STOCK	COUNTRY	INDUSTRY	%
Alibaba Group ADR	China Ex PRC	Info Technology	3.8
Samsung Electronics Co Ltd	Korea	Info Technology	3.6
Ayala Land Inc	Philippines	Real Estate	3.2
Kasikornbank PCL Foreign	Thailand	Financials	3.2
JD.com Inc ADR	China Ex PRC	Cons Discretionary	2.7
Jardine Matheson Holdings	Hong Kong	Industrials	2.7
Tencent Holdings Ltd	China Ex PRC	Info Technology	2.6
Jiangsu Yanghe Brewery - A	China	Consumer Staples	2.6
Ping An Insurance Grp Co - A	China	Financials	2.5
ICICI Bank Ltd	India	Financials	2.4

Industry breakdown³

SECTOR	LONG %	NET %
Financials	21.4	21.4
Info Technology	18.2	18.2
Cons Discretionary	13.1	13.1
Consumer Staples	9.9	9.9
Industrials	8.0	8.0
Utilities	6.7	6.7
Real Estate	3.8	3.8
Energy	3.8	3.8
Materials	2.1	2.1
Other	0.5	0.5

Platinum Investment Management Limited ABN 25 063 565 006 AFSL 221935, trading as Platinum Asset Management ("Platinum") is the responsible entity and investment manager of the Platinum Asia Fund (the "Fund"). The Platinum Trust Product Disclosure Statement No. 10 ("PDS") provides details about the Fund. You can obtain a copy of the PDS from Platinum's website www.platinum.com.au, or by contacting Investor Services on 1300 726 700 (Australian investors only), or 0800 700 726 (New Zealand investors only), or 02 9255 7500, or via invest@platinum.com.au.

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No company or any directors of any company in the Platinum Group@ guarantees 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 in the Platinum Group or 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 as a % of the Fund's net asset value. The "Net %" represents the exposure of physical holdings and both long and short derivatives as a % of the Fund's net asset value. The "Currency %" represents the currency exposure for the Fund as a % of the Fund's net asset value, taking into account currency hedging.

4. Top Ten positions shows the Fund's top long share exposure positions as a % of the Fund's net asset value. Long derivative exposures are included, however, short derivative exposures are not.

Chinese Producer Price Inflation – a significant change



Market update and Commentary

Emerging market inflows moderated in October, which saw performance in the region weaken. Nonetheless, Asia ex Japan has seen a 7% outperformance relative to the global index (in Australian dollars),* driven by emerging market inflows, over the last six months. We would note that positioning by the majority of asset managers remains heavily underweight emerging markets and cyclicals (indeed, fixed interest assets have seen net inflows this calendar year).

China has stabilised. Chinese equity markets, both A and H shares, have been stable, outperforming most regional markets. Chinese bank shares have performed well in recent months, as investor expectations move from Armageddon to muddling through (we hold no Chinese bank shares, as we feel the current negative credit cycle will be prolonged and severe, dampening returns even from apparently very cheap starting valuations). Chinese Renminbi (RMB) depreciation continues, with RMB falling from 6.67 to 6.77 against the US Dollar. This has started to worry some commentators regarding capital leaving the country, but this seems to be an orderly process: the fall is broadly in line with the trade-weighted basket that the RMB now tracks.

In China we see ongoing recovery in industrial activity and infrastructure investment (notably via public private partnership funding models). We hold few industrial companies in China, with the dominant exposure in the Fund being to the Chinese consumer and technology firms. However, two companies that we hold – Weifu High Tech (automotive components) and Weichai Power (diesel engines) – have seen exceptional performance in recent months driven by ongoing recovery in industrial activity in China. Some of the data pertaining to these companies is exceptional. For instance, Weichai's recent third quarter report revealed that heavy truck sales were up 30% year on year. Producer price inflation has turned positive in China for the first time in four years (see chart above), removing a deflationary pulse from the global economy.

The Philippines continues to see selling by foreign investors due to President Duterte's erratic behavior. However, the underlying economic picture is exceptional – October saw yet another month of PMI readings over 55 (with a reading of over 50 meaning expansion). That is now seven consecutive PMI readings above 55 for the Philippines.

Korean banks saw significant appreciation due to an improving earnings outlook. A recovering macroeconomic milieu plus a change in the global rate environment has seen the outlook for net interest margins improve.

We believe that ongoing, if gentle, inflationary pressure will see rates rise and yield curves steepen gradually globally. This should see both emerging markets and cyclicals better positioned than they have been for several years, especially with these market segments being particularly unloved by investors.

* Source: MSCI Inc.