

## Facts

Portfolio value	\$4.10 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 - 2.7103    Red - 2.6967

## Performance<sup>1</sup>

	FUND %	MSCI %
1 month	1.13	1.30
3 months	(0.42)	1.27
6 months	2.73	4.65
Calendar year to date	1.13	1.30
1 year	7.91	12.98
2 years (compound pa)	(2.03)	0.90
3 years (compound pa)	9.23	8.85
5 years (compound pa)	13.10	11.18
7 years (compound pa)	7.93	7.48
10 years (compound pa)	7.54	4.65
Since inception (compound pa)	14.50	9.60

## 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 graph<sup>2</sup>



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

	LONG %	NET %	CURRENCY %
China	9.1	9.1	2.9
China Ex PRC	28.9	28.9	
Hong Kong	0.5	0.5	21.8
Taiwan	3.0	3.0	3.3
India	17.4	17.4	18.1
Indonesia	0.1	0.1	0.1
Korea	8.8	8.8	9.2
Malaysia	1.0	1.0	1.0
Philippines	4.6	4.6	4.6
Singapore	2.5	2.5	
Thailand	6.9	6.9	7.0
Vietnam	2.8	2.8	2.8
	85.6	85.6	
Australian Dollar			16.7
China Renminbi Off Shore			(8.8)
UK Pound Sterling			0.3
United States Dollar			21.1
Cash	14.4	14.4	
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Long - 79 stocks, 5 swaps

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

STOCK	COUNTRY	INDUSTRY	%
Ayala Corp	Philippines	Financials	3.4
Kasikornbank PCL Foreign	Thailand	Financials	3.2
Ping An Insurance Grp Co - A	China	Financials	3.0
Samsung Electronics Co Ltd	Korea	Info Technology	2.9
Tencent Holdings Ltd	China Ex PRC	Info Technology	2.6
Baidu com ADR	China Ex PRC	Info Technology	2.6
Jardine Matheson Holdings	Singapore	Industrials	2.5
ENN Energy Holdings	China Ex PRC	Utilities	2.4
Jiangsu Yanghe Brewery - A	China	Consumer Staples	2.4
Anta Sports Products Ltd	China Ex PRC	Cons Discretionary	2.3

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

SECTOR	LONG %	NET %
Financials	25.0	25.0
Info Technology	15.6	15.6
Cons Discretionary	11.8	11.8
Consumer Staples	8.3	8.3
Industrials	8.0	8.0
Utilities	6.7	6.7
Real Estate	3.3	3.3
Energy	3.1	3.1
Materials	2.1	2.1
Telecom Services	1.0	1.0
Other	0.5	0.5

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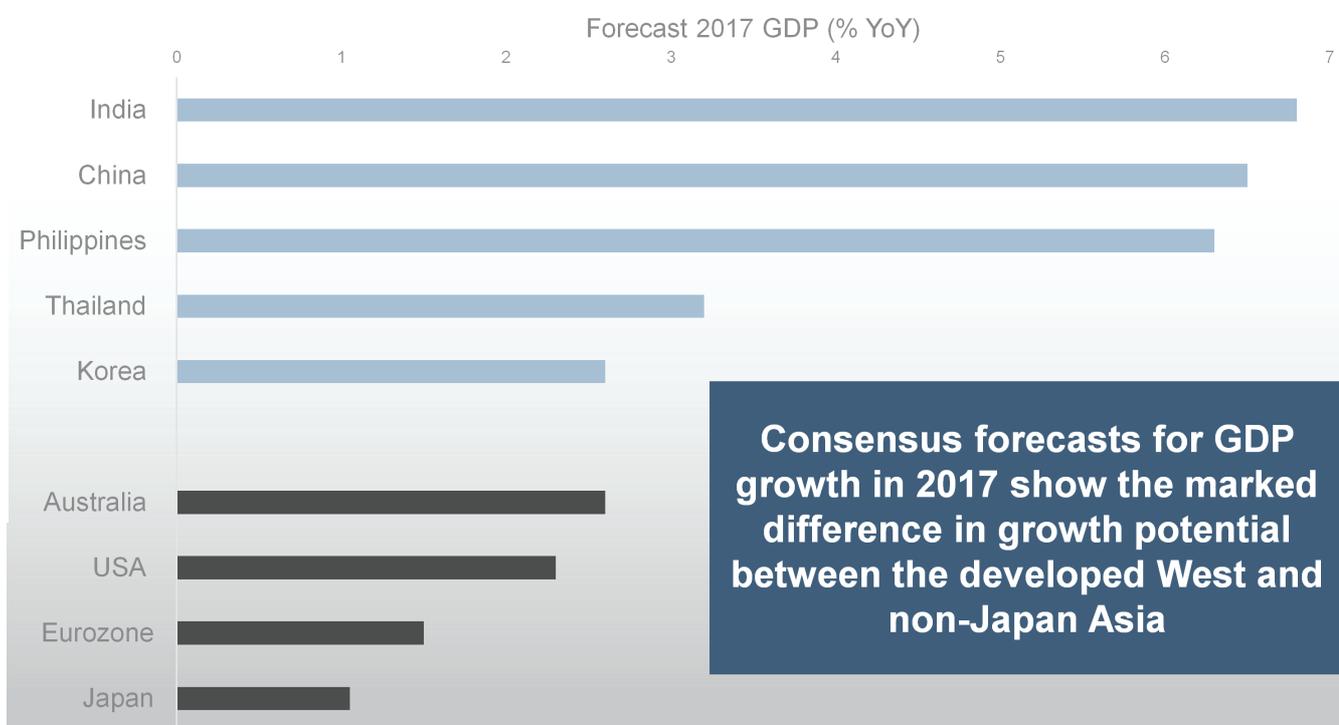
1. Investment returns are calculated using the Fund's unit price and represent the combined income and capital return for the specified period. They are net of fees and costs (excluding the buy-sell spread and any investment performance fee payable), pre-tax, and assume the reinvestment of distributions. Investment returns are calculated relative to the MSCI All Country Asia ex Japan Net Index in A\$. 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). Source: Platinum for fund returns and RIMES Technologies for MSCI returns.

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. Source: Platinum for fund returns and RIMES Technologies for MSCI returns.

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

4. Top Ten positions shows the Fund's top long share exposure positions as a % of NAV. Long derivative exposures are included, however, short derivative exposures are not. All data where MSCI is referenced is the property of MSCI. No use or distribution of this data is permitted without the written consent of MSCI. This data is provided "as is" without any warranties by MSCI. MSCI assumes no liability for or in connection with this data. Please see full MSCI disclaimer in [www.platinum.com.au/our-funds/platinum-asia-fund/#FundPerformance](http://www.platinum.com.au/our-funds/platinum-asia-fund/#FundPerformance).

## A region that GROWS



Source: Bloomberg.

Note: Consensus figures from official bodies and investment banks.  
Correct as at 24 January 2017.

**Platinum**  
ASSET MANAGEMENT

### Market update and Commentary

Across Asia we see robust economic activity and attractive opportunities which are overlooked in our view. Several of our favoured sectors have not participated in recent strength for the regional index, which is dominated by Samsung and TSMC (combined these are approximately 9% of the regional index). In particular, we would highlight our Chinese insurers and more recently Chinese tech companies. We believe that these remain outstanding opportunities.

Further evidence is apparent that China's recovery kept ripping along into the end of 2016: for instance rail freight movements were up 15% year-on-year in November. As we have mentioned in previous monthly updates, Chinese producer price inflation turned positive for the first time in four years in recent months. Both services and manufacturing Purchasing Managers Indices (PMI) remain above 50 (indicating expansion). Improving business conditions prompted service companies to hire staff at the fastest pace in 20 months in December.

We have seen widespread improvements in luxury goods spending and Macau gaming data seems to be improving. The Chinese consumer looks to be in good shape.

However, there is good reason to believe that Chinese authorities are quite serious about tightening monetary conditions to restrain economic activity somewhat, before the economy overheats. Real estate investment restrictions have been in place since October last year and further lending restrictions were put in place in late January. Chinese banks are now required to obtain sign-offs by PBOC officials to process foreign exchange transactions and penalties were increased for miscreants daring to do as they wish with their foreign currency. Chinese authorities also restricted RMB liquidity into Hong Kong, which caused overnight lending rates to spike. Those borrowing in the overnight market to short the RMB were squeezed with rates climbing in excess of 30%. For now, speculation on the RMB has eased.

In summary, from China we expect activity to remain at a strong level, while some deceleration is likely from here.

Meanwhile in India economic data is beginning to show the impact of efficiency and anti-corruption reforms. Interest rates and inflation are declining, while the current account deficit has narrowed significantly. The Indian equity market, however, is expensive, requiring selectivity. We remain holders Indian banks and infrastructure, as opposed to vastly more expensive consumer stocks in the country. Looking ahead we continue to view Asia as an attractive investment locale. Fears of a trade war make headlines, but determining why this would affect Asia negatively while the large cap US corporates that rely on Asian supply chains make new highs stretches logic in our view. Asia is host to cheap, attractive stocks and the region remains unloved by investors. Ongoing reasonable global growth and earnings growth in Asia in particular mean that we see Asia as highly attractive.