

Facts

Portfolio value	\$4.40 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 - 2.9913 Red - 2.9763

Performance¹

	FUND %	MSCI %
1 month	4.38	4.23
3 months	10.37	10.73
6 months	9.91	12.14
Calendar year to date	11.61	12.17
1 year	20.13	23.59
2 years (compound pa)	1.06	2.01
3 years (compound pa)	12.87	12.95
5 years (compound pa)	14.12	12.41
7 years (compound pa)	9.17	8.29
10 years (compound pa)	8.34	5.81
Since inception (compound pa)	15.03	10.21

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	8.4	8.4	3.7
China Ex PRC	32.9	32.9	
Hong Kong	0.6	0.6	22.1
Taiwan	3.5	3.5	3.5
India	14.8	14.8	15.5
Indonesia	0.1	0.1	0.1
Korea	10.9	10.9	10.9
Malaysia	1.1	1.1	1.1
Philippines	4.2	4.2	4.2
Singapore	2.5	2.5	
Thailand	6.3	6.3	6.3
Vietnam	3.0	3.0	3.0
	88.0	88.0	
Australian Dollar			1.2
China Renminbi Off Shore			(8.3)
UK Pound Sterling			0.2
United States Dollar			36.7
Cash	12.0	12.0	
Total	100.0	100.0	100.0

Long - 75 stocks, 4 swaps

Top ten positions⁴

STOCK	COUNTRY	INDUSTRY	%
Alibaba Group ADR	China Ex PRC	Info Technology	3.6
Ayala Corp	Philippines	Financials	3.2
Kasikornbank PCL Foreign	Thailand	Financials	3.0
Jiangsu Yanghe Brewery - A	China	Consumer Staples	2.7
Axis Bank Ltd	India	Financials	2.6
Samsung Electronics Co Ltd	Korea	Info Technology	2.6
Tencent Holdings Ltd	China Ex PRC	Info Technology	2.6
Baidu com ADR	China Ex PRC	Info Technology	2.5
Jardine Matheson Holdings	Singapore	Industrials	2.5
CNOOC Ltd	China Ex PRC	Energy	2.3

Industry breakdown³

SECTOR	LONG %	NET %
Info Technology	21.6	21.6
Financials	19.0	19.0
Cons Discretionary	14.5	14.5
Consumer Staples	9.5	9.5
Industrials	7.1	7.1
Utilities	5.6	5.6
Energy	3.3	3.3
Real Estate	3.1	3.1
Materials	2.7	2.7
Telecom Services	1.1	1.1
Other	0.6	0.6

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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.

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Returns in Asia continue to be very strong, with the 1-year return of the Fund now above 20%*. Our Chinese holdings were strong contributors for the month, with India contributing to a lesser extent. Similarly over the last year, our Chinese holdings have been the primary contributors, with strong positive contributions from India, Korea and Asean countries excluding the politics-affected Philippines. So, with very strong returns over the last year, what lies in prospect for investors in Asia?

Commentators have been very interested to call the end of the “reflation trade”, and any such slump in risk appetite would be deleterious for Asian equities. The language itself is instructive – the assumption is that we are seeing a “trade” a moment of sunlight before some further slough of despond. We simply do not agree. We see ongoing capital formation with reasonable returns, along with reform in the large economies of Asia and an appetite to tackle the excesses of the past, such as excessive reliance on debt in China and corruption in India.

China is tightening monetary policy to a degree. We are wary of policy mistakes and remain short the yuan as a result. However, we see efforts to tighten monetary policy and clean up the shadow banking sector as welcome. We note also that they come simultaneous with an upswing in the producer price index in China and a resultant improvement in corporate profitability. Our instinct and analysis point to China being a market which is very under-owned and under-valued relative to its own history: this is the kind of situation in which we have made serious money in the past. However, aware of the risk of confirmation bias, we are constantly testing our assumptions and retain our short position on the yuan.

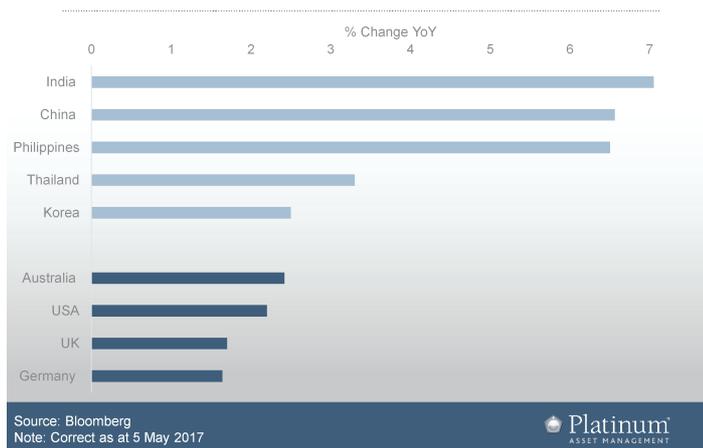
In India we see an economic powerhouse, but an expensive market. We have been very selective in India and remain exposed principally to financials and infrastructure. Several members of the team traveled to India this month and the energy in the country is palpable. There remain challenges for investors, not least the “promoter culture”, where the identity and ethics of the founders of companies are every bit as important as the commercial situation of the business. It is common to see the employment of multiple vehicles allowing for differing economic outcomes depending on one’s place in the puzzle. However, such issues are amenable to analysis and calculation – an undertaking worth the trouble in a country with a narrowing current account deficit, accelerating economic growth, falling inflation and falling interest rates. Such are the dividends of genuine economic reform.

Korean exports, a good benchmark for the health of the global economy, have been growing strongly this year. The Korean equity market has been strong, led by tech giant Samsung, as well as other beneficiaries of a strong cycle in the pricing of memory chips, such as SK Hynix (we hold positions in both in the Fund).

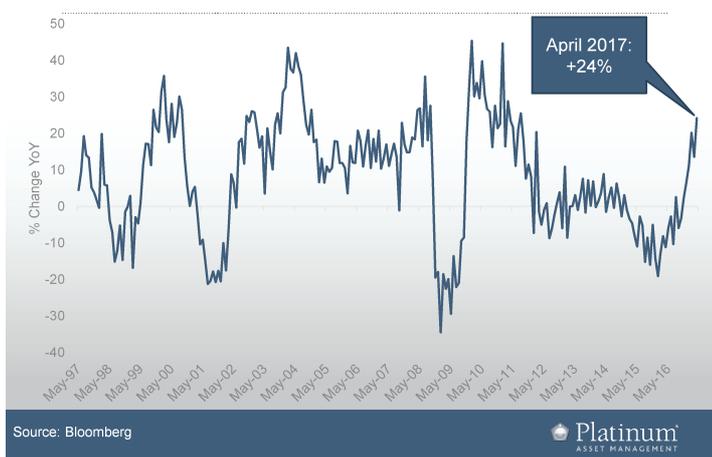
In Thailand we see an exporting country with a significant manufacturing base, benefiting from an upswing in global trade. Kasikornbank is a large holding in the Fund. It is a good lender, which has lent to corporates in Thailand, among them many exporters whose profitability is improving. It remains on approximately 1.2x book and 10x earnings.

In the Philippines we see a young, dynamic, high-savings, high growth economy and hold Ayala Land, which was accumulating land following the GFC and now boasts substantial hidden asset value in its land development operations not reflected in its earnings or balance sheet. And this in an economy growing at 6.5%p.a. (source: Bloomberg).

Consensus estimates, GDP growth 2017



Korean exports



Chinese Producer Price Inflation



*Please see footnote 1 on the front page for our performance disclaimer.

**Past performance is not a reliable indicator of future performance.