

### Facts

|                      |                   |  |          |
|----------------------|-------------------|--|----------|
| Portfolio value      | \$289.88 mn       |  |          |
| Fund commenced       | 16 September 2015 |  |          |
| Current share price  | \$0.935           | NTA retained earnings & dividend profit reserve <sup>^</sup> | 1.85 cps |
| Current option price | \$0.006           |  |          |
| <b>Pre-tax NTA</b>   | \$0.9860          |  |          |
| Post-tax NTA*        | \$0.9890          |  |          |

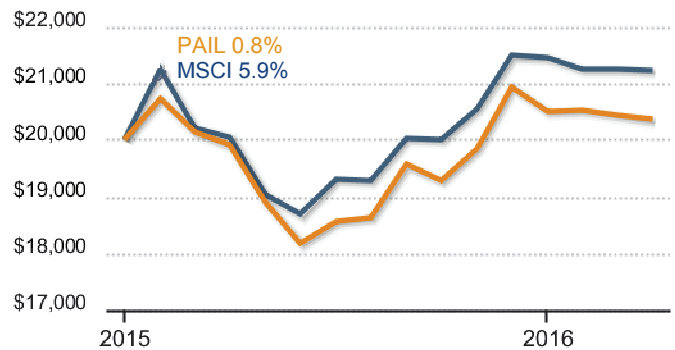
### Performance<sup>1</sup>

|                               | FUND % | MSCI % |
|-------------------------------|--------|--------|
| 1 month                       | (0.33) | (0.05) |
| 3 months                      | (0.68) | (0.99) |
| 6 months                      | 5.59   | 6.11   |
| Calendar year to date         | 2.28   | 5.94   |
| 1 year                        | 2.28   | 5.94   |
| Since inception (compound pa) | 0.64   | 4.56   |

### Fees

|                  |  |
|------------------|--|
| Management fee:  | 1.1% p.a. of the portfolio value   |
| Performance fee: | Payable at 15% of the amount by which the portfolio's annual performance exceeds the return achieved by the MSCI All Country Asia ex Japan Net Index |

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



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

|                          | LONG %       | NET %        | CURRENCY %   |
|--------------------------|--------------|--------------|--------------|
| China                    | 9.1          | 9.1          | 8.5          |
| China Ex PRC             | 25.6         | 25.6         |              |
| Hong Kong                | 0.4          | 0.4          | 21.7         |
| Taiwan                   | 3.8          | 3.8          | 3.8          |
| India                    | 16.1         | 16.1         | 16.1         |
| Indonesia                | 0.4          | 0.4          | 0.4          |
| Korea                    | 9.1          | 9.1          | 9.3          |
| Malaysia                 | 1.0          | 1.0          | 1.0          |
| Philippines              | 4.1          | 4.1          | 4.1          |
| Singapore                | 2.4          | 2.4          |              |
| Thailand                 | 6.9          | 6.9          | 6.9          |
| Vietnam                  | 2.1          | 2.1          | 2.0          |
|                          | 81.0         | 81.0         |              |
| Australian Dollar        |              |              | 16.3         |
| China Renminbi Off Shore |              |              | (17.1)       |
| United States Dollar     |              |              | 27.0         |
| Cash                     | 19.0         | 19.0         |              |
| <b>Total</b>             | <b>100.0</b> | <b>100.0</b> | <b>100.0</b> |

Long - 68 stocks, 1 swap

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

| STOCK                         | COUNTRY      | INDUSTRY           | %   |
|-------------------------------|--------------|--------------------|-----|
| Ayala Corp                    | Philippines  | Financials         | 3.3 |
| Kasikornbank PCL Foreign      | Thailand     | Financials         | 3.2 |
| Ping An A Share Pnote Exp     | China        | Consumer Staples   | 3.1 |
| Samsung Electronics Co Ltd    | Korea        | Info Technology    | 2.7 |
| Jiangsu Yanghe Brewery J PN   | China        | Consumer Staples   | 2.5 |
| Baidu com ADR                 | China Ex PRC | Info Technology    | 2.5 |
| Jardine Matheson Holdings     | Singapore    | Industrials        | 2.4 |
| Anta Sports Products Ltd      | China Ex PRC | Cons Discretionary | 2.3 |
| Tencent Holdings Ltd          | China Ex PRC | Info Technology    | 2.2 |
| IRB Infrastructure Developers | India        | Industrials        | 2.1 |

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

| SECTOR             | LONG % | NET % |
|--------------------|--------|-------|
| Financials         | 24.5   | 24.5  |
| Info Technology    | 15.3   | 15.3  |
| Cons Discretionary | 11.0   | 11.0  |
| Consumer Staples   | 9.5    | 9.5   |
| Industrials        | 7.3    | 7.3   |
| Utilities          | 6.5    | 6.5   |
| Energy             | 3.3    | 3.3   |
| Real Estate        | 1.9    | 1.9   |
| Materials          | 1.8    | 1.8   |

Platinum Investment Management Limited ABN 25 063 565 006 AFSL 221935, trading as Platinum Asset Management ("Platinum") is the investment manager of Platinum Asia Investments Limited ("PAI").

Before making any investment decision you need to consider (with your financial adviser) your particular investment needs, objectives and financial circumstances.

DISCLAIMERS: Some numerical figures in this Fact Sheet have been subject to rounding adjustments. The information presented in this Fact Sheet is general information only and is not intended to be financial product advice. It has not been prepared taking into account any particular investor's or class of investors' investment objectives, financial situation or needs, and should not be used as the basis

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1. Source: Platinum. Performance results have been calculated using the pre-tax net tangible asset value price as released to the ASX and represent the combined income and capital return of the investments for the specified period. Please note that the results are not calculated from the share price of PAI. The returns are calculated relative to the MSCI All Country Asia ex Japan Net Index in A\$. You should also be aware that performance results are calculated using historic points of reference. PAI and its directors cannot guarantee that such results will be replicated in the future; therefore, this information should not be used to make future investment decisions.

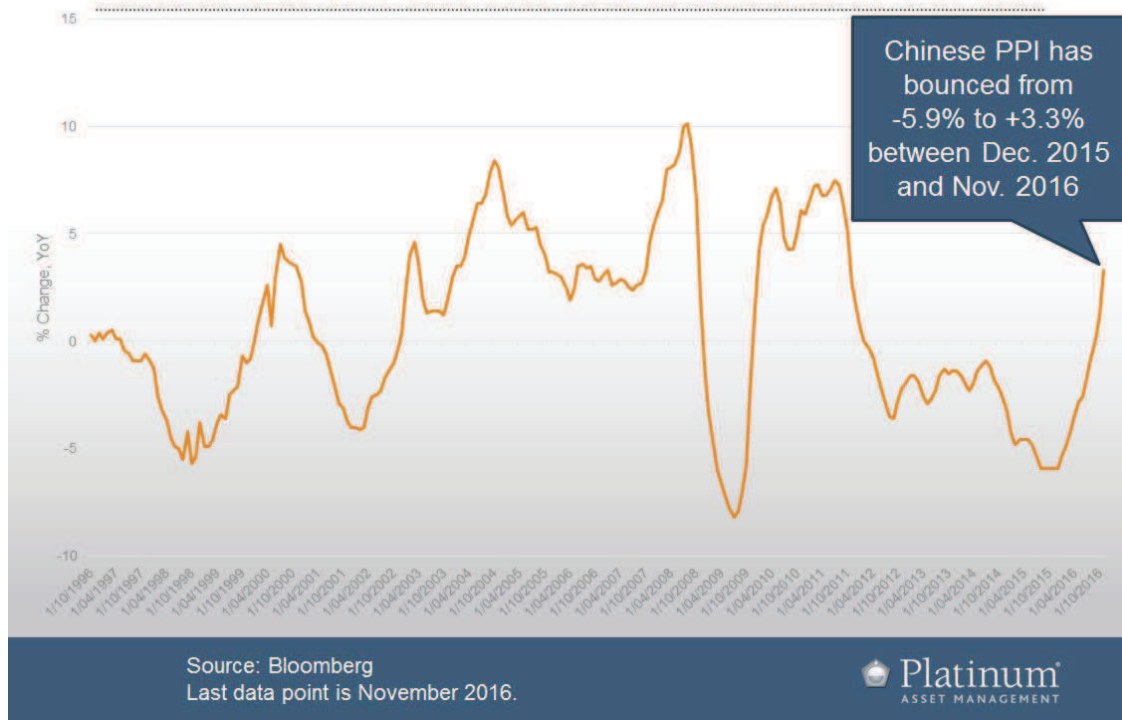
2. Source: Platinum. The investment returns depicted in this graph are cumulative on A\$20,000 invested in PAI since inception relative to the MSCI All Country Asia ex Japan Net Index in A\$ ("Index"). Performance results have been calculated using the pre-tax net tangible asset value as released to the ASX and represent the combined income and capital return of PAI's investments for the specified period. Please note that the results are not calculated from the share price of PAI. 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 from the make-up of the Index. The Index is provided as a reference only.

3. The "Long %" represents the exposure of physical holdings and long stock derivatives as a percentage of PAI's net tangible asset value. The "Net %" represents the exposure of physical holdings and both long and short derivatives as a percentage of PAI's net tangible asset value. The "Currency %" represents the currency exposure for PAI as a percentage of PAI's net tangible asset value, taking into account currency hedging.

4. The "Top ten positions" shows PAI's top long share exposure positions as a percentage of PAI's net tangible asset value. Long derivative exposures are included. However, short derivative exposures are not.

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## Chinese Producer Price Inflation – the change continues



## Market Update and Commentary

After the roller coaster ride of the previous couple of years, Asian equity markets have been broadly flat over the last four months. There has been some debate about the potential impact on the region if we see increased protectionism under the Trump administration. More on this in the soon-to-be published Quarterly Report.

Chinese equities have been weak in recent months, with lingering fears around deleveraging of the system, capital outflows and now, a trade war with the US. However this belies a robust economic recovery, perhaps best shown via the strength in China's Producer Price Index (or PPI) – see chart above. Input prices have reversed emphatically in recent months, after years of price declines, which we think is significant and may foretell a pick-up in private sector investment to broaden the recovery in 2017.

India's stall reflects corporates being forced to deal with the transitory impact of the Modi government's sudden and audacious "demonetisation", or cancellation of the Rs500 and Rs1,000 notes (representing 86% of the value of currency in circulation). The longer-term impact of such reform, designed to combat the cash economy and broaden and modernise the country's tax base, is, in our view, likely to be positive.

The Korean market was relatively strong in December with local giant Samsung Electronics resuming its strong share price performance. The impeachment of the nation's President amid corruption scandals was perhaps confirmatory to many skeptics, but it could accelerate the corporate reform process.

Meanwhile the Philippines recorded yet another very strong manufacturing PMI reading, indicating that country's ongoing economic momentum.

The first half of 2016 – dominated by the China sell-off – was disappointing for the Company, but the second half saw a recovery, giving us a return of almost 6%, broadly in line with the market.\* Positive contribution came from the key sectors that make up half of the Company's portfolio (Financials, IT and Consumer Discretionary), while on a geographic basis, the three major markets of China, Korea and India did all the work – both the Indian and Korean contributions were well ahead of their underlying market returns.

As we contemplate Asia at the conclusion of 2016, we are struck by the strength of the region's reform efforts and its economic dynamism. At a global level, investors are revealing a preference for the slogans and protectionism of the incoming US administration over the prospects of fundamental economic reform and buoyant growth in Asia. We are closely monitoring how Trump's administration evolves – Kerr Neilson will address this also in the Platinum International Fund Quarterly Report.

But of course, it's all about price, and at a weighted average median P/E of 14 times earnings and with strong growth prospects, we believe that our portfolio appears attractive, giving us targeted exposure to reforming, rapidly-growing, surplus-generating economies.

*The Platinum Asia Investments Limited Quarterly Report will be available on our website, [www.platinumasia.com.au](http://www.platinumasia.com.au) from 17 January and mailed out by month end.*

\*Please refer to disclaimer note 1 on page 1 for information regarding performance calculations.