



## Facts

Portfolio value	\$399.44 mn
Portfolio inception	16 September 2015
Current share price	\$1.000
<b>Pre-tax NTA</b>	<b>\$1.1089</b>
Post-tax NTA	\$1.0817
Max. franked dividend	1.80 cps
NTA retained earnings & dividend profit reserve* 10.61 cps	

\*dividend subject to available franking credits.

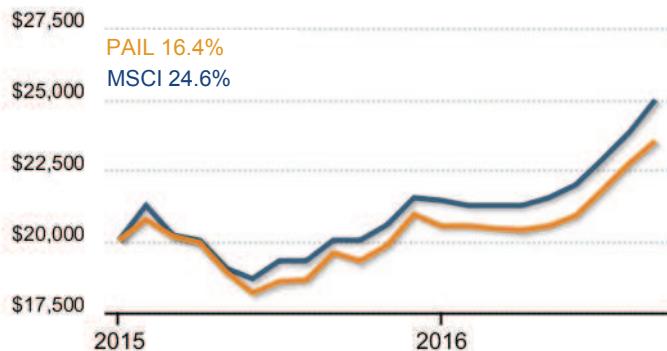
## Performance<sup>1</sup>

	FUND %	MSCI %
1 month	3.43	4.82
3 months	12.49	13.71
6 months	15.06	17.52
Calendar year to date	15.44	17.58
1 year	20.12	24.64
Since inception (compound pa)	9.29	13.73

## 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	7.2	7.2	6.8
China Ex PRC	35.2	35.2	
Hong Kong	0.4	0.4	24.7
Taiwan	3.4	3.4	3.4
India	13.2	13.2	13.4
Indonesia	0.3	0.3	0.3
Korea	11.2	11.2	11.5
Malaysia	0.9	0.9	0.9
Philippines	5.9	5.9	6.0
Singapore	1.7	1.7	
Thailand	5.5	5.5	5.5
Vietnam	1.7	1.7	1.7
	86.7	86.7	
Australian Dollar			7.1
China Renminbi Off Shore			(12.6)
United States Dollar			31.4
Cash	13.3	13.3	
Total	100.0	100.0	100.0

Long - 74 stocks, 2 swaps

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

STOCK	COUNTRY	INDUSTRY	%
Ayala Corp	Philippines	Financials	3.8
Axis Bank Ltd	India	Financials	3.1
Alibaba Group ADR	China Ex PRC	Info Technology	3.1
Kasikornbank PCL Foreign	Thailand	Financials	3.0
Jiangsu Yanghe Brewery J PN	China	Consumer Staples	2.7
LG Corp	Korea	Industrials	2.4
Tencent Holdings Ltd	China Ex PRC	Info Technology	2.3
Ping An Insurance Grp Co H	China Ex PRC	Financials	2.3
Sina Corp	China Ex PRC	Info Technology	2.2
Anta Sports Products Ltd	China Ex PRC	Cons Discretionary	2.1

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

SECTOR	LONG %	NET %
Info Technology	21.4	21.4
Financials	18.4	18.4
Cons Discretionary	13.6	13.6
Industrials	8.7	8.7
Consumer Staples	8.6	8.6
Real Estate	5.0	5.0
Utilities	3.8	3.8
Energy	3.1	3.1
Materials	2.9	2.9
Telecom Services	0.9	0.9
Health Care	0.3	0.3

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1. Source: Platinum for fund returns and RIMES Technologies for MSCI returns. 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 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 for fund returns and RIMES Technologies for MSCI returns. 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 portfolio 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 portfolio value. The "Net %" represents the exposure of physical holdings and both long and short derivatives as a percentage of PAI's portfolio value. The "Currency %" represents the currency exposure for PAI as a percentage of PAI's portfolio 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 portfolio value. 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 <https://www.platinum.com.au/our-funds/platinum-asia-investments-limited/#CompanyPerformance>.

## Market update and commentary

Positive performance continued in Asia, with fears of monetary tightening in China receding, as it became clear that authorities were acting to restrict excessive behavior in the financial system rather than tighten conditions in the broader economy. Export growth in Korea and China subsided from the very strong levels of previous months, but remained at healthy levels. As in global markets, energy stocks in the region have been very weak in recent months, while information technology has been extremely strong in Asia. Relative to benchmark composition we believe we are somewhat underweight some tech companies, despite them being large holdings for us in many cases. This is a matter of prudent portfolio construction.

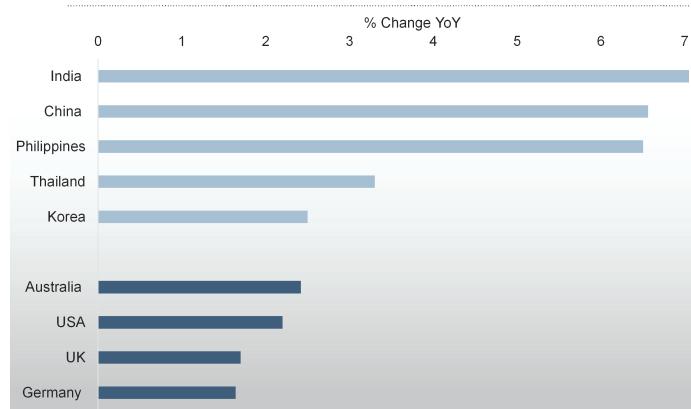
A strong performance by Sina (up 25% for the month) was one of six top 10 contributors from China in May. Over 12 months the picture is similar, with seven of the top 10 performers being from China. Earnings are coming through and this market is cheap. Problems with debt persist, clearly, but this looks like an economy that will muddle through. Capacity closures have boosted profitability in the state owned sector, while regulators appear resolved in dealing with the excesses of the financial sector. In the meantime, consumer spending growth remains at approximately 10% p.a. as the Chinese middle class continues to grow. All of the elements of modern commerce which excite investors in the West are apparent in China: robotics, electric and autonomous vehicles, artificial intelligence, e-commerce – hence our large holdings in Chinese tech firms such as Tencent and Alibaba. However, as previously highlighted, we are watchful: risks of policy mistakes remain and we are short the yuan as a result.

The Philippines remains a singular economic success story. The country has very low household debt, is a current account surplus generator, grows rapidly and is investing heavily in infrastructure. Philippine property development company Ayala Land was one of the Fund's strongest contributors during the month.

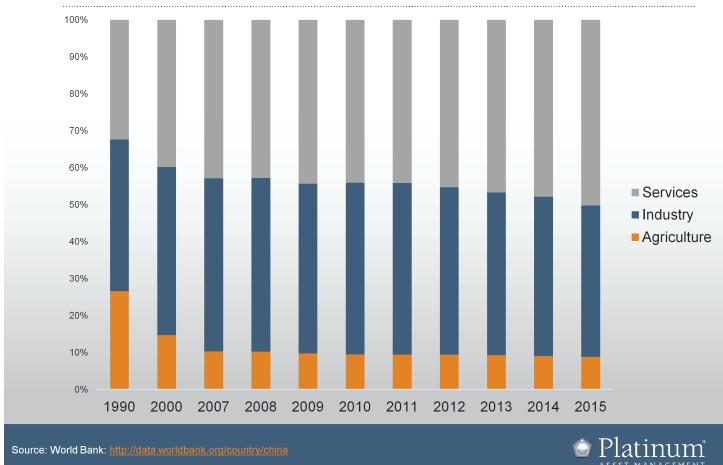
In Thailand we see the economy turning, non-performing loans peaking and Kasikornbank remains cheap at 1.3x book and 11x 2017 earnings.

India's economic renaissance continues: genuine reform, a shrinking current account deficit, growth strong, inflation falling and interest rates falling. However, stocks are ferociously expensive, especially consumer companies, and we must be selective as a result.

### Consensus estimates, GDP growth 2017



### China: >50% services already



### Philippines infrastructure expenditure to GDP

