Platinum Asia Fund ARSN 104 043 110

30 November 2017

Facts

Portfolio value	$5.02 bn
Fund commenced	04 March 2003
Minimum investment	A$10,000 or NZ$10,000
Regular Investment Plan	A/NZ$5000 plus A/NZ$200 mth/qrt
Income distribution date	Annual, 30 June
Unit valuation	Sydney Business Day
Unit prices C Class	App – 3.2509 Red – 3.2346
Unit prices P Class	App – 1.1689 Red – 1.1630

Fees

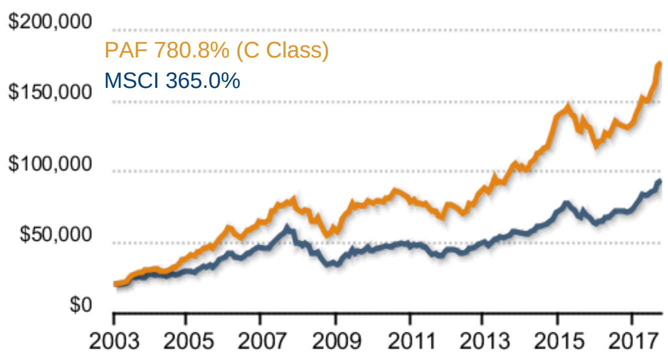
Entry fee		Nill
Buy/sell spread		0.25%/0.25%
Fee:	C Class	Investment Management 1.35% p.a.
		Investment Performance N/A
	P Class	Investment Management 1.10% p.a.
		Investment Performance 15.00% p.a.*

*of the amount by which the Fund's return exceeds its index return

Performance[1]

	P Class %	C Class %	MSCI %
1 month	1.52	1.54	1.65
3 months	12.52	13.22	9.98
6 months		16.79	11.95
Calendar year to date		35.36	31.60
1 year		34.49	31.53
2 years (compound pa)		15.85	17.55
3 years (compound pa)		13.07	13.30
5 years (compound pa)		17.50	15.13
7 years (compound pa)		11.19	9.81
10 years (compound pa)		8.64	5.09
Since inception (compound pa)*	16.60	15.90	10.99

Performance graph[2]



Invested positions[3]

	LONG %	NET %	CURRENCY %
China	8.7	8.7	13.8
China Ex PRC	42.6	42.6	
Hong Kong	3.5	3.5	37.9
Taiwan	1.7	1.7	1.7
India	10.2	10.2	10.8
Indonesia	0.5	0.5	0.5
Korea	10.3	10.3	10.3
Malaysia	0.5	0.5	0.5
Philippines	3.2	3.2	3.2
Singapore	0.7	0.7	
Thailand	4.7	4.7	4.7
Vietnam	1.8	1.8	1.8
	88.5	88.5	
Australian Dollar			0.5
UK Pound Sterling			0.1
United States Dollar			14.1
Cash	11.5	11.5	
Total	100.0	100.0	100.0

Long - 80 stocks, 3 swaps

Top ten positions[4]

STOCK	COUNTRY	INDUSTRY	%
Ping An Insurance Grp Co	China	Financials	3.3
Axis Bank Ltd	India	Financials	3.0
Kasikornbank PCL	Thailand	Financials	3.0
Alibaba Group	China Ex PRC	Info Technology	3.0
China Merchants Bank Co Ltd	China Ex PRC	Financials	2.9
Ayala Land Inc	Philippines	Real Estate	2.7
Tencent Holdings Ltd	China Ex PRC	Info Technology	2.6
Samsung Electronics Co Ltd	Korea	Info Technology	2.6
China Overseas land	China Ex PRC	Real Estate	2.5
Jiangsu Yanghe Brewery	China	Consumer Staples	2.4

Industry breakdown[3]

SECTOR	LONG %	NET %
Financials	21.1	21.1
Info Technology	16.0	16.0
Cons Discretionary	12.9	12.9
Industrials	8.2	8.2
Materials	6.0	6.0
Real Estate	6.0	6.0
Consumer Staples	5.6	5.6
Energy	4.3	4.3
Health Care	3.2	3.2
Telecom Services	2.4	2.4
Utilities	2.1	2.1
Other	0.7	0.7

1. Investment returns are calculated using the Fund's NAV unit price (i.e. exclude a buy/sell spread) for C Class and P Class, and represent the combined income and capital returns for each of these unit classes in the specified period. All returns are pre-tax, net of fees and costs and assume the reinvestment of distributions. Returns for P Class are net of any accrued investment performance fee. 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. *The since inception figure for P Class is from 3 July 2017.
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 NAV unit price (C Class). They are net of fees and costs, 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 bottom-up 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.

Equity markets in Asia ex Japan continued their strong performance in November. Global investors have warmed to the region, especially technology companies such as Tencent (which recently featured on the cover of the Wall Street Journal when it surpassed Facebook in market value). Investor enthusiasm for large cap tech stocks in Asia is unsurprising, especially the region's tech giants Taiwan Semiconductor, Samsung, Alibaba and Tencent. These are recognisable analogues of Western companies or play on familiar themes for global investors.

More broadly, investor pessimism regarding the region's dominant equity market, China, remains strong. The oft-cited tropes of pollution, overcapacity and rampant debt financing are still trotted out, despite what we see as clear evidence of successful reform and some rejuvenation of the industrial sector in China. The data are unambiguous: rapid growth in rail freight movements, trading partners' exports to China, freight rates and commodity prices are all clear. And this comes with the lowest money supply and credit growth for decades. Further, the sectors receiving credit have changed with funding for heavy industrial sectors shrinking, while lending to new economy applications such as robotics and e-commerce is growing.

There has been significant capacity closure and industry consolidation in China, which has enabled the current renaissance of the industrial economy. However, we are not excited about the prospects for old industrial exposures in China. The significance of supply side reform and rising profitability in heavy industry is that the banking sector is likely to continue to function, with the debt-servicing capacity of the worst sectors of Chinese industry now greatly improved: the old economy of China is now highly unlikely to drag down the new.

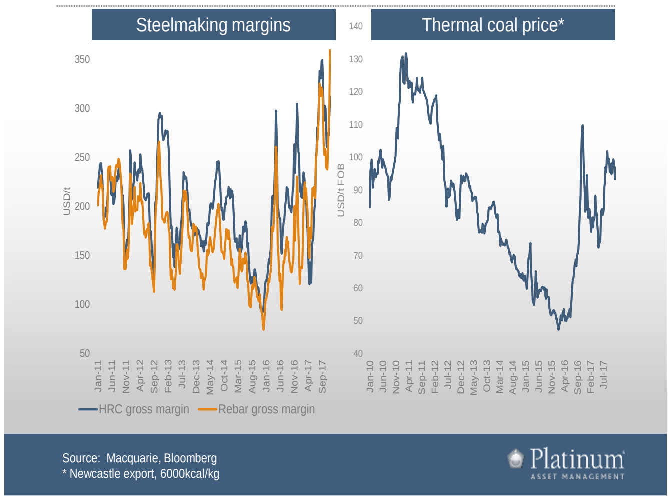
India's market remains the most expensive equity market of any size in the world (at approximately 19 times forward earnings). As a result we are selective in our holdings. In India we hold exposures which tend to be interest rate sensitive, such as banks and infrastructure. It is worth stressing that this massive country has very high real rates at present: the Reserve Bank of India's repo rate is 6% while inflation is approximately 3% (expected to rise to 4% or so as demonetisation effects diminish). Indian lending growth is at a record low as a result. While timing cannot be known, real rates will fall and lending growth will accelerate, of this we are certain, which will benefit our Indian holdings.

Elsewhere in Asia, Vietnam has a booming export sector, with outsourcing from China and Korea driving rapid export growth: we estimate that Samsung supply chain exports account for 25% of Vietnam's exports! There are some problems, not least rapid credit growth and a fixed exchange rate. However, consumer credit is tiny and the outlook for ongoing outsourcing to the country remains strong.

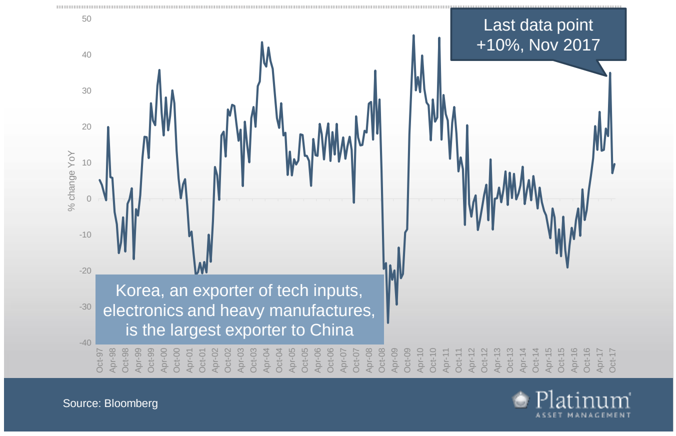
In Thailand, current account has swung from a 1% deficit to an 11% surplus over the last three years, due in part to poor domestic demand given limited infrastructure spending and political uncertainty. The outlook is good: contractors report that infrastructure projects are being tendered and getting underway, while the consumer may be getting more confident with malls reporting increasing sales after years of stagnation.

We continue to see good valuations for very interesting companies across Asia, within a setting of strong economic reforms in India and China and growing regional integration.

China: heavy industry renaissance



Korean exports: a return to growth



Ongoing debt binge? Nope...M2 growth in China