

Facts

Portfolio value	\$5.17 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 – 3.2815 Red – 3.2651
Unit prices P Class	App – 1.1798 Red – 1.1739

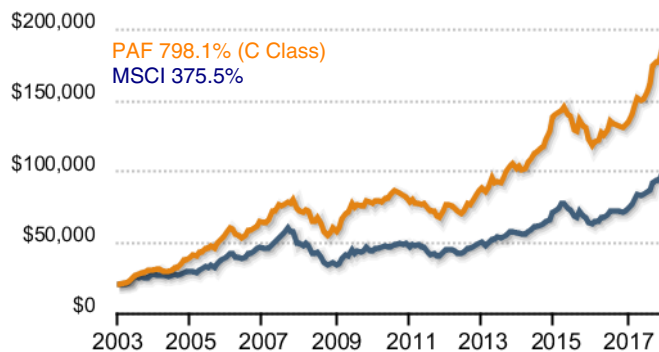
Performance¹

	P Class %	C Class %	MSCI %
1 month	(2.92)	(2.97)	(1.26)
3 months	0.93	0.94	2.26
6 months	13.57	14.29	12.46
Calendar year to date	1.05	1.00	2.59
1 year		32.67	30.14
2 years (compound pa)		23.05	23.70
3 years (compound pa)		8.63	10.08
5 years (compound pa)		15.24	14.15
7 years (compound pa)		12.58	11.04
10 years (compound pa)		9.56	6.95
Since inception (compound pa)*	17.69	15.69	10.96

Fees

Entry fee	Nil	
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 graph²

Invested positions³

	LONG %	NET %	CURRENCY %
China	6.5	6.5	13.9
China Ex PRC	40.5	40.5	
Hong Kong	3.4	3.4	36.3
Taiwan	2.0	2.0	2.0
India	12.4	12.4	13.0
Indonesia	0.5	0.5	0.5
Korea	11.0	11.0	11.5
Malaysia	0.5	0.5	0.5
Philippines	2.2	2.2	2.2
Singapore	0.7	0.7	
Thailand	4.6	4.6	4.6
Vietnam	1.5	1.5	1.5
	85.8	85.8	
Australian Dollar			3.4
UK Pound Sterling			0.1
United States Dollar**			10.7
Cash	14.2	14.2	
Total	100.0	100.0	100.0

Long - 83 stocks, 2 swaps

Top ten positions⁴

STOCK	COUNTRY*	INDUSTRY	%
Alibaba Group	China	Info Technology	3.7
Ping An Insurance Grp	China	Financials	3.4
Tencent Holdings Ltd	China	Info Technology	3.1
Kasikornbank PCL	Thailand	Financials	3.0
Axis Bank Ltd	India	Financials	3.0
Samsung Electronics Co Ltd	Korea	Info Technology	2.9
China Overseas land	China	Real Estate	2.8
China Oilfield Servies Ltd	China	Energy	2.4
China Everbright International	China	Industrials	2.0
Jiangsu Yanghe Brewery	China	Consumer Staples	2.0

*China includes exposure to Chinese A shares, H shares and ADRs.

Industry breakdown³

SECTOR	LONG %	NET %
Financials	21.9	21.9
Info Technology	17.6	17.6
Industrials	8.2	8.2
Cons Discretionary	8.0	8.0
Materials	6.3	6.3
Real Estate	5.6	5.6
Energy	5.1	5.1
Consumer Staples	4.3	4.3
Health Care	4.0	4.0
Utilities	2.1	2.1
Telecom Services	2.0	2.0
Other	0.7	0.7

**Figure includes exposure to USD through USD cash, USD denominated stock and derivatives over such stocks

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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.

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.

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February saw a negative month for the Fund, with our Chinese stocks contributing most to the weakness.

News was released this month of the possible removal of term limits for China's leader Xi Jinping. We found this unsurprising, and more importantly think most market participants in China did also. In the medium term the news regarding Xi is positive for China's reform program. Xi has shown himself to be a capable leader who has made significant changes to clean up the system which he is head of.

The knowledge that he will potentially be leader for longer than another five year term is likely to discourage opposition to his reforms, such as capacity closure and consolidation in heavy industry, de-risking the financial system and reforming state owned enterprises. Longer term – there are potential negative effects of allowing for indefinite rule – we are cognisant of this and will monitor for signs of declining standards in governance.

While the scale and impact of Chinese economic development are unprecedented, the experience is not without parallel. South Korea, Taiwan and Japan saw similar trajectories of urbanisation and economic growth during the twentieth century. For instance, it is easy to forget that Japan saw rapid wage growth and high rates of investment in the 1960s and 1970s: wage growth over these periods was 8-10% per annum. All of these earlier Asian development stories converted agrarian workers to urban workers, grew wages and rates of savings and investment very rapidly. In all cases this process slowed only once urbanisation levels reached somewhere in the 70-80% range. China's rate of urbanisation is currently 57%*. This is often overlooked in discussions about demographics and future growth prospects: fears of a demographic slowdown overlook the significant potential, indeed necessity, of converting rural workers to urban workers in coming decades.

Trade tension has reared its head following month end, with the Trump administration pushing for tariffs on steel and aluminium. US corporate profitability is tied to supply lines into large Asian economies. This, plus China's position, with its trade and current account surpluses, rebalancing toward domestic consumption and huge holdings of US treasuries, leave us optimistic that this will be a squall, not a war.

We continue to see Asian markets as relatively cheap (with some exceptions – India is somewhat expensive), with potential for significant potential economic and profit growth. Minor setbacks along the way can be expected and we see current events as exactly that.

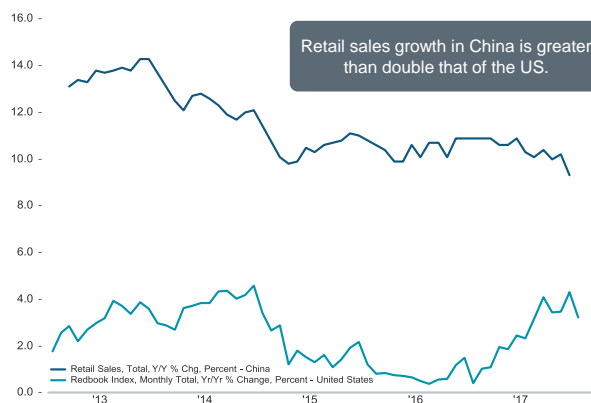
*The World Bank data

Major Asian equity market PE ratios

	2018 NTM PE	2017 NTM PE
South Korea	9.4	10.1
China	11.9	12.3
India	18.5	16.7

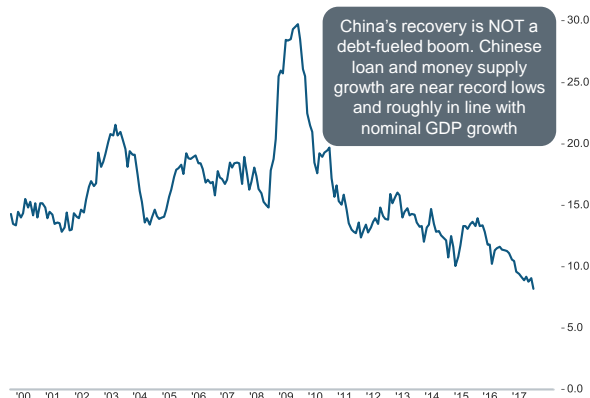
Source: Credit Suisse
Note: NTM signifies "next twelve months".

Chinese vs. US retail sales growth (% change, YoY)



Source: FactSet

Chinese money supply growth (M2, % change YoY)



Source: PBOC, FactSet





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