

**Facts**

Portfolio value	\$4.63 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 – 2.6002 Red – 2.5872
Unit prices P Class	App – 0.9275 Red – 0.9228

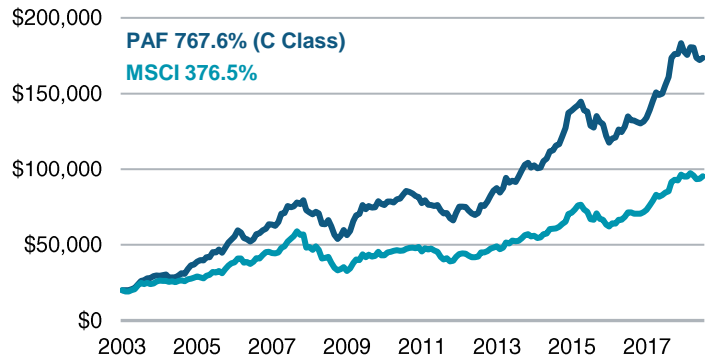
**Performance<sup>1</sup>**

	P Class %	C Class %	MSCI %
1 month	0.87	0.85	1.74
3 months	(3.70)	(3.76)	(0.57)
6 months	(2.30)	(2.42)	0.22
Calendar year to date	(1.27)	(1.44)	2.82
1 year	10.96	11.52	12.71
2 years (compound pa)		13.42	15.46
3 years (compound pa)		10.46	12.40
5 years (compound pa)		13.66	12.67
7 years (compound pa)		13.23	12.38
10 years (compound pa)		10.09	8.52
Since inception (compound pa)*	12.77	14.96	10.60

**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 graph<sup>2</sup>**

**Invested positions<sup>3</sup>**

	LONG %	NET %	CURRENCY %
China	6.8	6.8	14.4
China Ex PRC	22.9	22.9	
Hong Kong	4.7	4.7	29.4
Taiwan	1.7	1.7	1.7
India	17.3	17.3	17.9
Indonesia	0.5	0.5	0.5
Korea	11.7	11.7	11.7
Malaysia	0.5	0.5	0.5
Philippines	2.5	2.5	2.5
Singapore	0.7	0.7	
Thailand	4.7	4.7	4.7
Vietnam	1.0	1.0	1.0
	75.0	74.9	
Australian Dollar			1.3
UK Pound Sterling			0.1
United States Dollar			14.3
Cash	25.0	25.1	
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Long - 60 stocks, 1 swap

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

STOCK	COUNTRY*	INDUSTRY	%
Samsung Electronics Co Ltd	Korea	Info Technology	4.1
Axis Bank Ltd	India	Financials	4.1
Yes Bank Ltd	India	Financials	3.3
Kasikornbank PCL	Thailand	Financials	3.3
AlA Group Ltd	Hong Kong	Financials	3.0
Ping An Insurance Grp	China	Financials	3.0
China Merchants Bank	China	Financials	2.9
Naver Corporation	Korea	Info Technology	2.5
China Oilfield Servies Ltd	China	Energy	2.4
Ayala Land Inc	Philippines	Real Estate	2.4

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

**Industry breakdown<sup>3</sup>**

SECTOR	LONG %	NET %
Financials	27.1	27.1
Info Technology	12.2	12.2
Energy	8.8	8.8
Industrials	6.9	6.9
Real Estate	5.6	5.6
Cons Discretionary	3.7	3.7
Health Care	3.4	3.4
Materials	2.4	2.4
Telecom Services	2.0	2.0
Consumer Staples	1.0	0.9
Utilities	0.9	0.9
Other	0.9	0.9

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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. \*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.

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- Macro-economic and trade fears dominate
- China is responding to boost domestic demand with tax cuts and loosening credit conditions
- Economic data indicate a mild slowdown in a reasonably healthy Chinese economy
- Corporate earnings are growing and stocks appear very reasonably priced

Regional markets recovered somewhat in August following months of weak performance. The Fund recovered but lagged the market over the month, with some energy and materials stocks weighing on performance. Sentiment remains weak and valuations remain low.

Meanwhile economic data indicate a Chinese economy which has certainly slowed, but appears sound. In our view, policy makers are indicating they would like to see an acceleration of activity and are loosening financial conditions and cutting personal income taxes by raising the equivalent of the tax fee threshold in China. See the accompanying chart of the Shanghai Interbank Offered Rate (Shibor) to get a sense of how much liquidity has been provided to the interbank market in China. Loan growth accelerated to 13.2% YoY in July from 12.7% YoY in June (CICC).

China's July industrial enterprise profit growth was 16.2% p.a. in July (CICC). This follows a strong reporting season for Chinese companies in June: of 4,040 Chinese companies which reported results to June (3,332 listed in mainland China, 635 in HK and 73 in US) profit increased by 18% p.a. (Credit Suisse).

China's official August manufacturing Purchasing Manager's Index (PMI) edged up to 51.3, mainly driven by the notably higher upstream prices (readings above 50 indicate expansion; below 50, contraction).

July property sales were up 8.3% YoY (Bloomberg, Northern Trust). Headline industrial production (IP) growth stayed flat at 6.0% YoY in July (CICC). Meanwhile, electricity production growth slowed to 5.7% YoY in July (CICC). Nominal retail sales growth was 8.8% YoY in July (CICC).

Chinese July imports grew 27.3% YoY compared with 14.1% in June; export growth edged up to 12.2% YoY (CICC).

July apparent oil demand in China saw the second highest annual growth rate since 2010 at 12.9% YoY (Bloomberg, Northern Trust). Coal imports increased 9.5m tonnes, or 49% YoY to 29m tonnes in July, the highest since January 2014, yet inventory at major power plants fell 3% month on month in July (CICC).

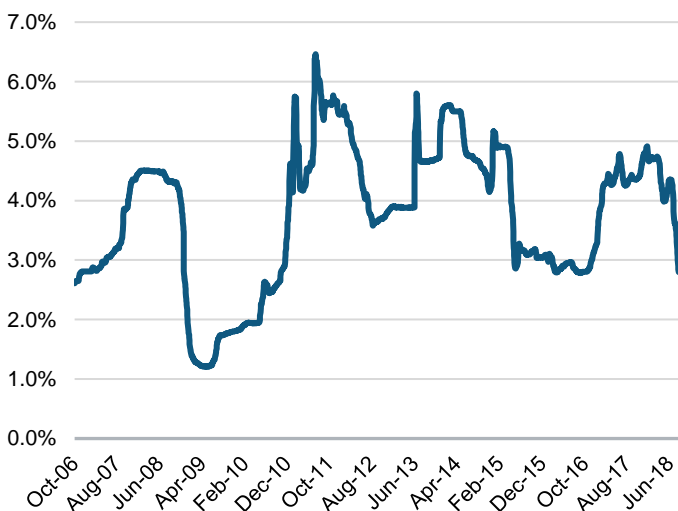
However, there are clear signs of slowing in some areas of the economy. For instance, China's July auto sales fell 5.3% YoY to 1.59m units (Bloomberg) and infrastructure investment contracted by 5.3% YoY in July (CICC).

Overall, China looks to us to be an economy which has slowed under ongoing reform efforts, but where aggregate demand is holding up reasonably well. Most importantly, valuations are cheap and corporate earnings are growing.

Elsewhere in Asia, India's GDP grew by 8.2% in Q1FY19 due to a pickup in manufacturing activity, helped by a lower base during the same period a year ago. Economic growth had dipped to 5.6% in Q1FY18 due to destocking by companies ahead of the implementation of the GST from July 2017 (State Bank of India). Credit growth is beginning to recover (see accompanying chart) after a period of protracted weakness with very significant credit losses due to poor/corrupt lending standards in India, which we think are being addressed.

Another recent development which struck us as important is that India's financial regulator is set to launch an 'on tap' bond market. This will mean once a company has filed the necessary paperwork, it will be able to tap the bond market whenever it wants. This is likely to be a significant step in the deepening of India's bond markets. Corporate bond market growth is around 15% to 20% p.a. depending on how it is measured (Platinum estimate from company filings).

"Shibor" falling: Indicative of monetary loosening



Indian credit growth (% change, p.a.)

