

**Facts**

Portfolio value	\$4.54 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 – 2.5282 Red – 2.5155
Unit prices P Class	App – 0.9020 Red – 0.8975

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

	P Class %	C Class %	MSCI %
1 month	(2.75)	(2.77)	(1.43)
3 months	(2.77)	(2.83)	0.51
6 months	(3.69)	(3.82)	(1.28)
Calendar year to date	(3.99)	(4.17)	1.34
1 year	4.87	4.89	10.02
2 years (compound pa)		12.88	14.73
3 years (compound pa)		9.77	12.17
5 years (compound pa)		12.22	12.25
7 years (compound pa)		13.19	12.87
10 years (compound pa)		10.47	9.37
Since inception (compound pa)*	9.40	14.67	10.44

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

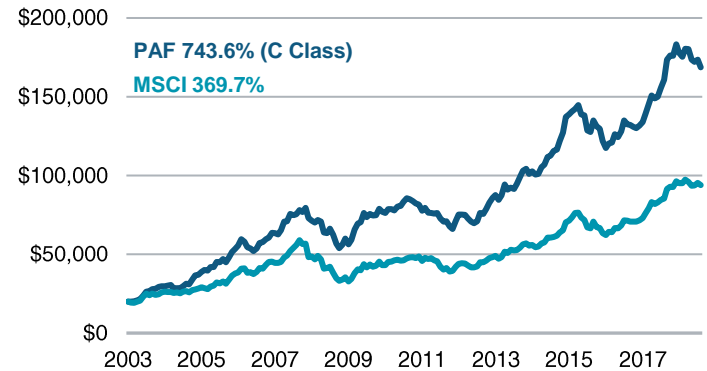
	LONG %	NET %	CURRENCY %
China	9.5	9.5	15.3
China Ex PRC	31.8	30.4	
Hong Kong	4.3	4.3	26.9
Taiwan	1.8	1.8	1.8
India	11.2	11.2	15.4
Indonesia	0.1	0.1	0.1
Korea	12.9	12.9	12.9
Malaysia	0.5	0.5	0.5
Philippines	2.3	2.3	2.3
Singapore	0.7	0.7	
Thailand	5.0	5.0	5.0
Vietnam	1.1	1.1	1.1
	81.2	79.8	
Australian Dollar			2.0
UK Pound Sterling			0.1
United States Dollar			16.6
Cash	18.8	20.2	
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Long - 63 stocks, 1 swap      Short - 1 stock

**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>**

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

STOCK	COUNTRY*	INDUSTRY	%
Samsung Electronics Co Ltd	Korea	Info Technology	4.1
AIA Group Ltd	Hong Kong	Financials	3.7
Ping An Insurance Grp	China	Financials	3.6
China Merchants Bank	China	Financials	3.5
Kasikornbank PCL	Thailand	Financials	3.4
Alibaba Group	China	Info Technology	3.0
China Oilfield Servies Ltd	China	Energy	2.8
Naver Corporation	Korea	Info Technology	2.4
Tencent Holdings Ltd	China	Info Technology	2.4
China Overseas Land & Invst.	China	Real Estate	2.3

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

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

SECTOR	LONG %	NET %
Financials	24.7	24.7
Info Technology	19.6	19.6
Energy	9.5	9.5
Industrials	6.0	6.0
Real Estate	5.9	5.9
Health Care	4.5	4.5
Cons Discretionary	3.7	3.7
Materials	2.3	2.3
Telecom Services	1.8	1.8
Consumer Staples	1.3	(0.1)
Other	1.1	1.1
Utilities	0.9	0.9

Platinum Investment Management Limited ABN 25 063 565 006 AFSL 221935, trading as Platinum Asset Management ("Platinum") is the responsible entity and issuer of units in the Platinum Asia Fund (the "Fund"). The Platinum Trust Product Disclosure Statement No. 11 dated 3 July 2017 and the Supplementary Product Disclosure Statement dated 23 February 2018 (together the "PDS") provide details about the Fund. You can obtain a copy of the PDS from Platinum's website [www.platinum.com.au](http://www.platinum.com.au), or by contacting Investor Services on 1300 726 700 (Australian investors only), or 0800 700 726 (New Zealand investors only), or 02 9255 7500, or via [invest@platinum.com.au](mailto:invest@platinum.com.au).

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No company or the directors in the Platinum Group@ guarantee the performance of the Fund, the repayment of capital, or the payment of income. To the extent permitted by law, no liability is accepted by any company of the Platinum Group@ or their directors for any loss or damage as a result of any reliance on this information.

The market commentary reflects Platinum's views and beliefs at the time of preparation, which are subject to change without notice. No representations or warranties are made by Platinum as to their accuracy or reliability.  
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 slow down in a reasonably healthy Chinese economy
- Corporate earnings are growing and stocks appear very reasonably priced

China's economy appears to be in the midst of a modest slow down, amid ongoing economic reforms. There are clear indications of official attempts to stimulate the economy to offset a tightening of lending conditions prompted by these ongoing reforms, for instance the People's Bank of China cut the reserve ratio requirement by 1% in the banking system on 7 October, effective 15 October. The central bank said the cut will free up 1.2 trillion yuan (US\$174.7bn) (Source: Credit Suisse).

Below we look at a range of data indicating a solid economic picture in China.

September National Bureau of Statistics manufacturing Purchasing Managers Index (PMI) declined to 50.8 from 51.3 in August (Source: CICC). The private Caixin/Markit PMI came in at 50.0, weak by Chinese standards, indicating a neutral reading, with results over 50 indicating intentions to raise orders (Source: Deutsche Bank).

Non-manufacturing PMI picked up further to 54.9 in September from 54.2 in August. Source: CICC. Power consumption increased 8.8% year-on-year (Source: CICC). Retail sales grew 9% year-on-year in August (Source: CICC).

Property investment growth was 9.5% in August (Source: CICC). Property investment seems likely to accelerate in coming months, with land transactions in area terms up 44.7% year-on-year in August.

Since March, Chinese metals inventories are down 28%, 22%, 24% and 58% in copper, aluminium, nickel and zinc respectively. During the same period, China steel rebar and hot rolled coil (HRC) inventories destocked by 54% and 28%, respectively (Source: JP Morgan).

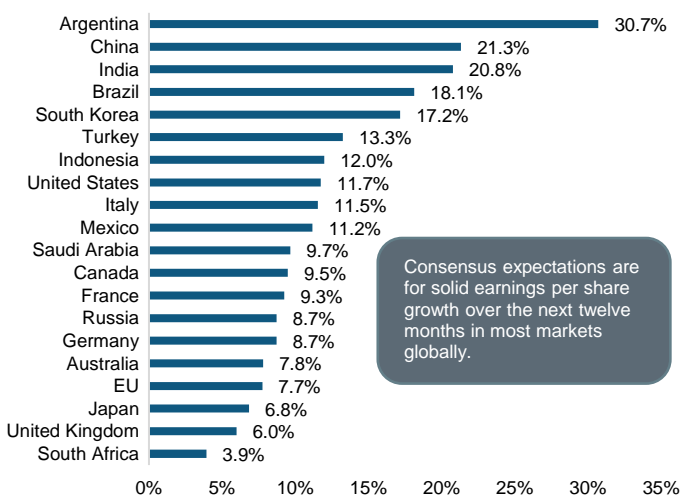
August excavator sales in China rose 33% year-on-year with the first month-on-month increase in 4 months (Source: Northern Trust).

As mentioned however, the Chinese economy has clearly slowed. Key areas of weakness in the economy include fixed asset investment (chiefly infrastructure and property), up just 4.1% in August (albeit this accelerated from 3.0% growth in July) (Source: CICC). Auto sales are also weak, down 20% in late September on a year ago (Source: CICC).

After years of strong performance, our Indian bank holdings were a drag on performance during the month, following the ouster of the highly regarded CEO of Yes Bank. Further, monetary conditions in India are tight, with high real rates reflecting the Reserve Bank of India's focus on squeezing inflation out of the system. This is all likely to crimp banking system growth in the near term. Longer term, it must be noted how positive this is for sustainable economic growth in India, alongside deep reform efforts such as the GST, the elimination of large bank notes, bio-identification and bank account opening.

In summary, our portfolio is tilted toward cyclicals (e.g. financials, energy, industrials and real estate), amid low valuations for cyclicals globally. This is in preference to highly valued technology stocks. This appears sensible to us, amid solid economic data in Asia and globally.

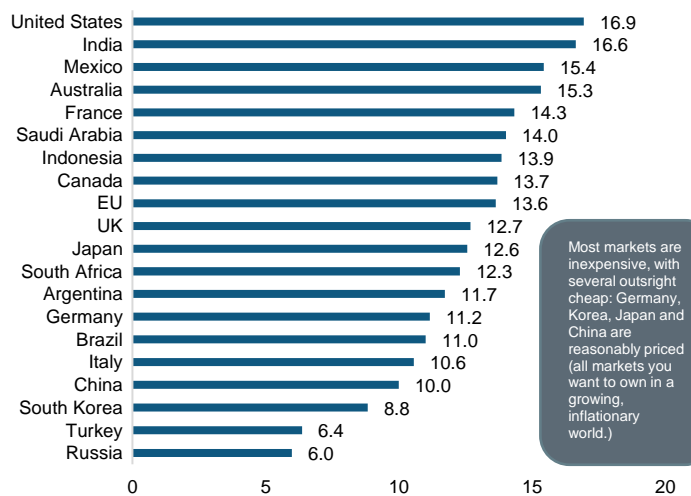
Major market EPS growth - Next 12 months



Consensus expectations are for solid earnings per share growth over the next twelve months in most markets globally.

Chart<sup>1</sup> - Major market EPS growth

Major market price-earnings ratios - Next 12 months



Most markets are inexpensive, with several outright cheap: Germany, Korea, Japan and China are reasonably priced (all markets you want to own in a growing, inflationary world.)

Chart<sup>2</sup> - Major market P/E ratios

Source: Chart<sup>1</sup>: MSCI, Credit Suisse correct as at 8/10/2018

Chart<sup>2</sup>: MSCI, Credit Suisse correct as at 8/10/2018