Platinum Asia Fund ARSN 104 043 110

31 January 2019

Facts

Portfolio value	$4.35 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 – 2.3981 Red – 2.3861
Unit prices P Class	App – 0.8563 Red – 0.8520

Fees

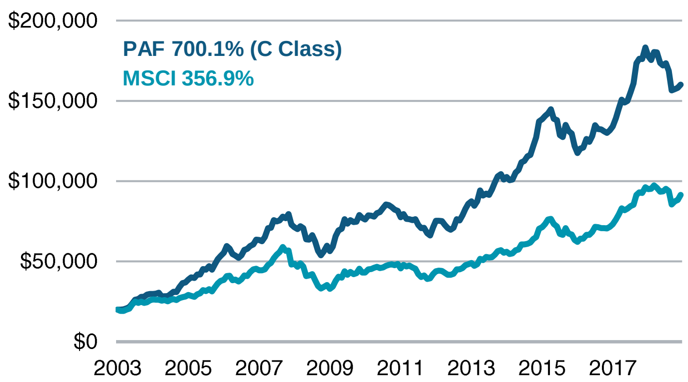
Entry fee		Nil
Buy/sell spread		0.25%/0.25%
Fee:	C Class	Investment Management 1.35% p.a.
		Investment Performance N/A
	P Class	Investment Management 1.10% p.a.
		Investment Performance 15.00% p.a.*

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

Performance[1]

	P Class %	C Class %	MSCI %
1 month	1.24	1.23	3.61
3 months	2.30	2.23	6.87
6 months	(6.87)	(6.99)	(2.46)
Calendar year to date	1.24	1.23	3.61
1 year	(12.43)	(12.68)	(5.12)
2 years (compound pa)		10.28	12.99
3 years (compound pa)		9.47	12.98
5 years (compound pa)		9.64	10.49
7 years (compound pa)		12.29	11.69
10 years (compound pa)		10.33	9.98
Since inception (compound pa)*	3.85	13.96	10.02

Performance graph[2]



Top ten positions[4]

STOCK	COUNTRY*	INDUSTRY	%
Samsung Electronics Co Ltd	Korea	Info Technology	4.3
Alibaba Group	China	Cons Discretionary	3.8
Kasikornbank PCL	Thailand	Financials	3.2
Tencent Holdings Ltd	China	Communication Serv.	3.1
Axis Bank Ltd	India	Financials	3.1
Ayala Land Inc	Philippines	Real Estate	2.8
ICICI Bank Ltd	India	Financials	2.1
58.COM Inc	China	Communication Serv.	2.1
Vietnam Enterprise	Vietnam	Other	2.1
Anta Sports Products Ltd	China	Cons Discretionary	2.1

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

Industry breakdown[3]

SECTOR	LONG %	NET %
Financials	23.4	23.4
Cons Discretionary	12.4	12.4
Communication Services	10.7	10.7
Industrials	8.2	8.2
Real Estate	7.4	7.4
Info Technology	5.4	4.4
Consumer Staples	4.4	4.4
Energy	4.1	4.1
Other	2.1	2.1
Health Care	2.0	(1.3)
Materials	1.2	1.2
Utilities	0.9	0.9

Invested positions[3]

	LONG %	NET %	CURRENCY %
China	11.3	11.3	16.0
China Ex PRC	26.5	24.9	
Hong Kong	5.8	5.6	26.2
India	16.2	15.3	16.7
Korea	11.4	9.9	8.0
Malaysia	0.5	0.5	0.5
Philippines	3.4	3.4	3.4
Thailand	4.7	4.7	4.7
Vietnam	2.2	2.2	2.2
	82.2	78.0	
Australian Dollar			0.9
China Renminbi Off Shore			(19.8)
UK Pound Sterling			0.1
United States Dollar			41.3
Cash	17.8	22.0	
Total	100.0	100.0	100.0

Long - 69 stocks, 1 swap   Short - 5 stocks, 1 index

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1. & 2. Source: Platinum for Fund returns and RIMES Technologies for MSCI returns. 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. The returns are calculated relative to the MSCI All Country Asia ex-Japan Net Index in A$. The investment returns depicted in the graph are cumulative on A$20,000 invested in the Fund since inception. Past performance is not a reliable indicator of future returns. 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 from the make-up of the index. The index is provided as a reference only.

3. China refers to securities or derivatives over securities, which securities are listed on the Shanghai or Shenzhen stock exchange. China Ex PRC refers to securities or derivatives over securities, which securities are listed outside of the PRC but provide exposure to PRC companies. The "Long %" represents the exposure to direct securities holdings and long stock/index derivatives as a percentage of the Fund's net asset value. The "Net %" represents the exposure to direct securities holdings and both long and short stock/index derivatives as a percentage of the Fund's net asset value. The "Currency %" represents the effective currency exposure of the Fund's portfolio as a percentage of the Fund's net asset value, taking into account currency exposures through securities holdings, cash, forwards and long and short stock/index derivatives.

4. The "Top ten positions" show the Fund's top ten long positions as a percentage of the Fund's net asset value. Direct securities holdings and long stock derivatives are included. However, short stock derivatives are not included.

Markets across non-Japan Asia performed well in January, with the Fund lagging somewhat due to lower exposure to some of the dominant tech names in the region, plus our shorts and cash proving a drag in rising markets. Of particular note were large moves in our shorts in biotech stocks which are priced without regard to reality, in our view. Also worthy of note is the dominance of Tencent, Alibaba and Samsung in the index. These stocks, all of which we own, have had 20% or greater moves in the last few months. We own all three, but not ~5% in each as is the case in the index. Interestingly, these dominant tech companies led the move higher in late 2016, before regional performance broadened into financials and industrials.

Late 2018 and early 2019 has seen a reversal of the behaviour of markets and economic data witnessed earlier in 2018. Now, markets are recovering, amid weak, but perhaps bottoming economic data. Over most of 2018 we saw markers weakening, as economic data remained reasonably strong but weakening at the margin.

In China, January NBS manufacturing PMI (Purchasing Manager's Index) was contractionary at 49.5 (slightly up from December's 49.4). January manufacturing PMI data indicate that aggregate demand growth continues to be sluggish, while consumer and producer confidence remains weak (CICC).

However, markets now appear not to be pricing this slight contraction, but rather looking through to stimulus from Chinese authorities, amid a more benign liquidity setting globally given the Federal Reserve's apparent pause in rate increases in early February.

Over the course of 2018, China's moves to reform its financial system, plus the Fed's rate hikes and forward guidance, interacted with ongoing trade uncertainty which resulted in a de facto over-tightening of global financial conditions in our view. The impact of trade uncertainty cannot be over stated. Global trade equates to roughly 70% of global GDP (World Bank)*, and ongoing uncertainty in supply chains over the entire year has resulted in a collapse of confidence in the trade sector globally – see the accompanying chart of export manufacturing PMIs for China, the US and Germany. The trade war is not a tax on China – it is a tax on global supply lines, which we did not anticipate dragging on for over a year without resolution. This does not appear to be a sensible approach to settling trade complaints.

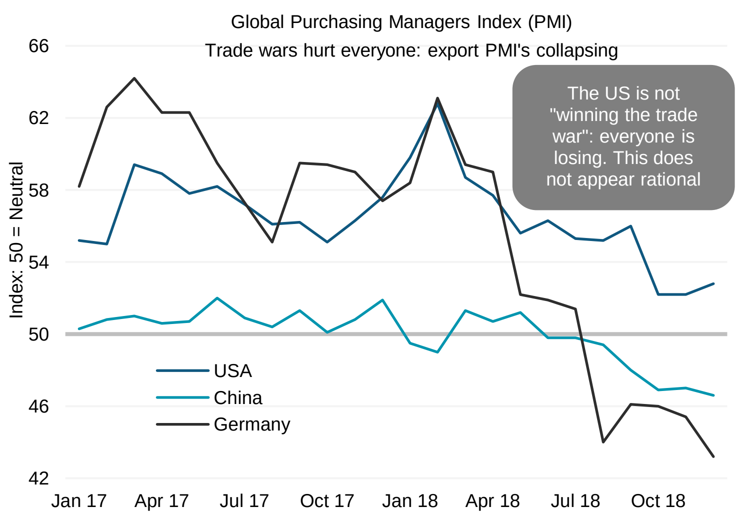
Amid the slowdown in China, there are ongoing signs of the resilience of physical demand in the economy. Chinese apparent oil demand grew by 10.6% year-on-year in December, bringing annual growth to 6.8%, which was double International Energy Agency's original forecast of 3.7% growth in 2018 (Bernstein). Chinese oil imports were 29.9% higher December year-on-year and grew 10.5% for 2018 (Macquarie). Chinese domestic oil production grew only 1.7% in 2018 (Macquarie), which appears bullish for the outlook for oil.

Apparent gas demand increased 14.2% in December and 17% over all of 2018 on the year prior, with domestic production growth lagging at 7% in 2018 (Citi) – a positive for global LNG price prospects.

Chinese electricity consumption grew by 8.8% in December and 7.4% in 2018 versus 2017. Notably, installed nuclear capacity grew 25% to 40GW in 2018 as four new facilities were commissioned.

Given the underlying strength, we see in the dominant economy in Asia, China, and the exceptional value presented by cyclicals, we continue to hold a portfolio dominated by cyclicals, with 57% exposure in financials, consumer discretionary, industrials, real estate energy and materials. Given valuations and our outlook for reasonable physical demand growth, plus Chinese stimulus and a Fed pause, we believe the portfolio is well positioned.

*This is the summation of all imports and exports. These net off in national GDP figures.
See https://data.worldbank.org/indicator/NE.TRD.GNFS.ZS



Source: Global PMI chart – FactSet
Major Market PE raito Chart – Credit Suisse