

Facts

Portfolio value	\$4.56 bn (Post Distribution)
Fund commenced	04 March 2003
Minimum investment	A\$10,000 or NZ\$10,000
Regular Investment Plan (min.)	A/NZ\$5000 plus A/NZ\$200 mth/qtr
Income distribution date	Annual, 30 June
Unit valuation	Sydney Business Day
Unit prices C Class (CUM Distribution)	App - 2.6128 Red - 2.5997
Unit prices P Class (CUM Distribution)	App - 0.9339 Red - 0.9292

Performance¹

	C Class %	P Class %	MSCI %
1 month	2.91	2.93	5.23
3 months	0.21	0.27	0.56
6 months	10.29	10.42	11.05
Calendar year to date	10.29	10.42	11.05
1 year	0.42	0.67	4.79
2 years (compound pa)	8.18		9.34
3 years (compound pa)	11.89		13.72
5 years (compound pa)	10.28		11.25
7 years (compound pa)	13.74		12.94
10 years (compound pa)	9.50		9.41
Since inception (compound pa)*	14.19	7.63	10.22

Invested positions³

	Long %	Short %	Net %	Currency %
Asia-Pacific	80.8	(5.5)	75.3	58.5
China	3.6		3.6	17.5
China Ex PRC	29.9		29.9	
Hong Kong	13.0	(4.5)	8.6	30.9
Taiwan	3.9		3.9	4.1
India	12.0	(1.1)	11.0	12.7
Korea	8.8		8.8	8.8
Malaysia	0.5		0.5	0.5
Philippines	2.7		2.7	(4.8)
Thailand	4.0		4.0	(1.1)
Vietnam	2.4		2.4	2.4
Australian Dollar				2.4
China Renminbi Off Shore				(15.0)
North America	0.1		0.1	41.4
United States	0.1		0.1	41.4
Europe				0.1
UK Pound Sterling				0.1
Sub-Total	80.9	(5.5)	75.4	100.0
Cash	19.1		24.6	
Total	100.0		100.0	100.0

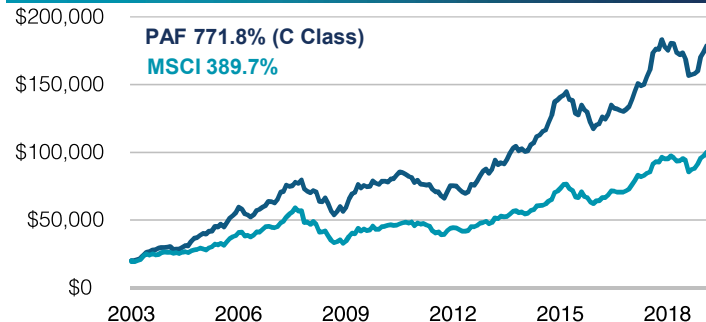
Long - 62 stocks, 1 swap Short - 2 indices

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



Top ten positions⁴

Stock	Country	Industry	%
Alibaba Group Holding Ltd	China	Cons Discretionary	4.7
Tencent Holdings	China	Comm Services	4.5
Samsung Electronics Co Ltd	Korea	Info Technology	4.2
Taiwan Semiconductor	Taiwan	Info Technology	3.9
AlIA Group Ltd	Hong Kong	Financials	3.7
Ping An Insurance	China	Financials	3.7
Meituan Dianping	China	Cons Discretionary	2.9
Kasikornbank PCL	Thailand	Financials	2.9
Axis Bank Limited	India	Financials	2.8
Autohome Inc	China	Comm Services	2.5
Total			35.8

Industry breakdown³

Sector	Long %	Short %	Net %
Financials	20.4		20.4
Consumer Discretionary	15.7		15.7
Communication Services	13.9		13.9
Info Technology	11.5	(1.1)	10.4
Real Estate	10.1		10.1
Industrials	3.6		3.6
Health Care	1.6		1.6
Utilities	0.9		0.9
Materials	0.8		0.8
Energy	0.0		0.0
Consumer Staples	0.0		0.0
Other	2.4	(4.5)	(2.1)

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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 (as indicated), 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\$. Since inception date for C Class is 04/03/03 and for P Class is 03/07/17. Since inception date of C Class has been used for the purposes of calculating since inception returns of the index. The investment returns depicted in the graph are cumulative on A\$20,000 invested in C Class units in the Fund since the C Class inception date. Past performance is not a reliable indicator of future returns. Platinum does not invest by reference to the weightings of the index. The index is provided as a reference only.

3. The "Long %" is the exposure to long securities and long securities/index derivative positions, the "Short %" is the exposure to short securities and short securities/index derivative positions and the "Net %" is the exposure to long and short securities and long and short securities/index derivative positions, each as a percentage of the Fund's net asset value. The "Currency %" is the effective currency exposure as a percentage of the Fund's net asset value, taking into account long and short securities, cash, forwards and long and short securities/index derivative positions. For the "Industry breakdown", index positions (whether through ETFs or derivatives) are only included under the relevant sector if they are sector specific, otherwise they are included under "Other".

3. and 4. China generally refers to securities or derivatives over securities, which securities are listed on the Shanghai or Shenzhen stock exchange. China Ex PRC generally refers to securities or derivatives over securities, which securities are listed outside of the PRC but provide exposure to PRC companies.

4. The "Top ten positions" show the Fund's top ten long securities positions as a percentage of the Fund's net asset value (including long securities and long securities derivative positions).

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- We have increased net exposure to markets amid trade détente.
- In doing so we have been adding to quality stocks, which remain cheap.
- Trade tension is throwing forth some new opportunities.

Asian markets appear to have responded with a collective sigh of relief to relative calm on the trade front in advance of the G20 meeting in Osaka at the end of June. We have increased exposure to markets significantly from lows of around 60% net invested in May to the current level of approximately 75% net invested as trade threats have subsided. Over the month our shorts detracted from performance, as did several of our Indian financial holdings amid general weakness for financials in India. Over the past year we have suffered on a relative basis by not owning Chinese banks in particular, a segment of the market where we feel the risks do not justify participation.

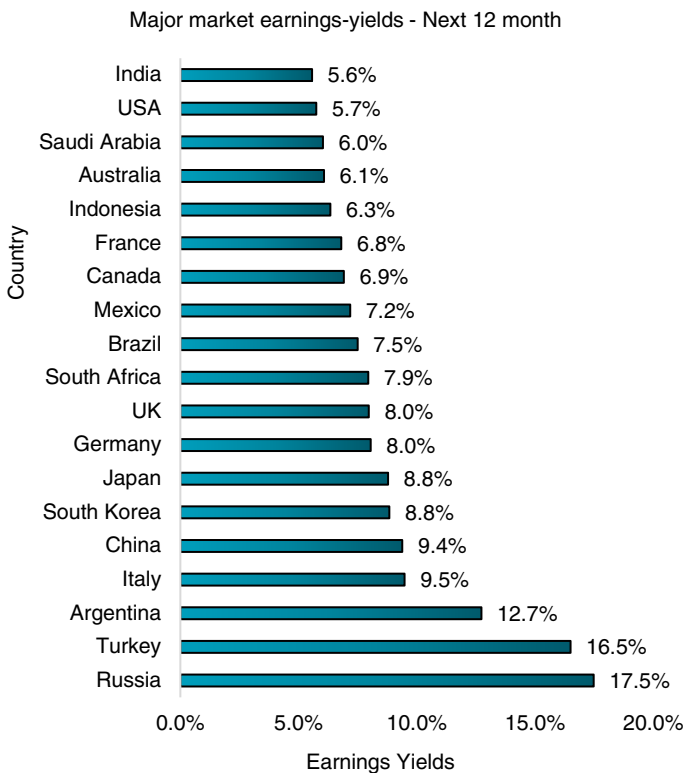
In adding to exposure in recent weeks we have sought to buy quality – given the attractive starting valuations of quality companies in Asia there is little need to compromise on this front. The stocks we have added to in recent weeks include Ping An Insurance, Alibaba (e-commerce platform), Tencent (value-added services and online advertising), AIA (life insurance), Samsung Electronics and SK Hynix (semiconductors). We believe all of these businesses are excellent value for the high quality inherent in them.

To the extent some of the factories will migrate from China given ongoing trade tension, it will likely be a small loss for China (China is predominantly a domestic economy driven by investment and consumption). However, this may represent large gains for surrounding countries with low labour costs. Vietnam for example, is seeing attractive export growth, in some measure thanks to actual or threatened US tariffs on Chinese manufactures. We added to our positions in Vietnam in recent weeks.

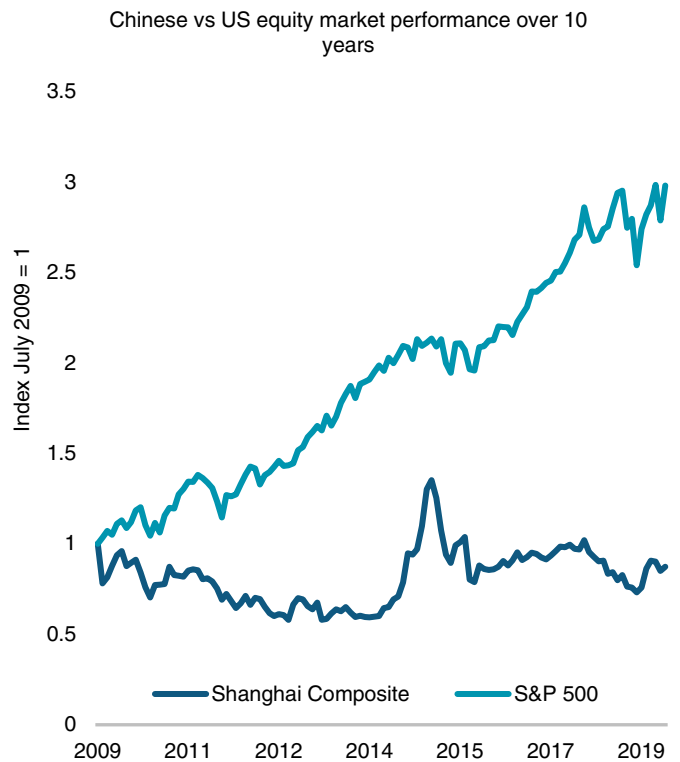
The US government’s decision to add Chinese telecommunications company, Huawei, to an “entity list” which prohibits US companies from conducting business with it will benefit others. Samsung Electronics for instance, which is trading at book value and 13 times earnings based on cyclically depressed earnings, offers great value. To the extent that Huawei may lose market share in smartphones in Europe, Samsung is ready to capture it. We added to our position in Samsung in recent weeks.

While trade tension may dominate the narrative, China is in fact continuing to open its markets. While we have emphasised the quality of Ping An Insurance in the past, life insurance company AIA is an example of a company that we expect will benefit from China’s ongoing, gradual economic opening. AIA operates in five out of the 36 Chinese provinces. It is growing premiums by 25% a year and its expansion into the remaining 31 provinces is likely to see significant growth in future. It has done very well selling quality products that address the needs of customers, as opposed to competitors who have at times used dubious incentives to foist poor quality policies onto customers. We estimate that AIA’s earnings will continue to grow at double digits for a long time, and it is trading on 15 times earnings.

Source: Platinum Investment Management Limited and FactSet.



Source: MSCI, Credit Suisse. Correct as at 8 July 2019.



Source: Bloomberg. Correct as at 28 June 2019.