Platinum Asia Fund

ARSN 104 043 110

31 July 2019

Facts

Portfolio value	$4.58 bn
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	App - 2.5052 Red - 2.4927
Unit prices P Class	App - 0.8889 Red - 0.8844

Fees

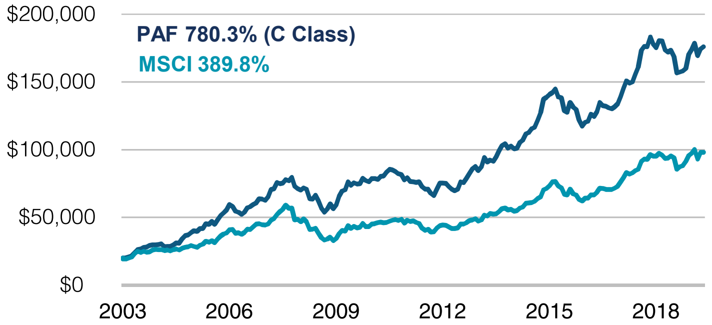
Entry fee		Nil
Buy/sell spread		0.25%/0.25%
Fee:	C Class	Investment Management 1.35% p.a.
		Investment Performance N/A
	P Class	Investment Management 1.10% p.a.
		Investment Performance 15.00% p.a.*

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

Performance [1]

	C Class %	P Class %	MSCI %
1 month	0.97	0.99	0.02
3 months	(1.37)	(1.32)	(2.21)
6 months	10.02	10.14	7.20
Calendar year to date	11.37	11.51	11.07
1 year	2.32	2.58	4.57
2 years (compound pa)	8.37	8.16	8.69
3 years (compound pa)	11.18		12.72
5 years (compound pa)	9.50		10.10
7 years (compound pa)	14.15		12.95
10 years (compound pa)	8.73		8.38
Since inception (compound pa)*	14.17	7.82	10.17

Performance graph [2]



Invested positions [3]

	Long %	Short %	Net %	Currency %
Asia-Pacific	80.0	(0.5)	79.4	72.2
China	3.9		3.9	12.8
China Ex PRC	31.7		31.7	
Hong Kong	10.9		10.9	31.4
Taiwan	4.6		4.6	4.6
India	9.8	(0.5)	9.3	12.2
Korea	9.3		9.3	9.3
Malaysia	0.5		0.5	0.5
Philippines	2.8		2.8	2.8
Thailand	3.9		3.9	1.3
Vietnam	2.6		2.6	2.6
Australian Dollar				2.2
China Renminbi Off Shore				(7.5)
North America	0.1		0.1	27.8
United States	0.1		0.1	27.8
Sub-Total	80.1	(0.5)	79.6	100.0
Cash	19.9		20.4	
Total	100.0		100.0	100.0

Long - 62 stocks, 1 swap Short - 1 index

Top ten positions [4]

Stock	Country	Industry	%
Alibaba Group Holding Ltd	China	Cons Discretionary	5.0
Tencent Holdings	China	Comm Services	4.7
Taiwan Semiconductor	Taiwan	Info Technology	4.6
Samsung Electronics Co Ltd	Korea	Info Technology	4.3
Ping An Insurance	China	Financials	3.8
AIA Group Ltd	Hong Kong	Financials	3.6
Meituan Dianping	China	Cons Discretionary	2.9
Kasikornbank PCL	Thailand	Financials	2.8
Autohome Inc	China	Comm Services	2.6
Vietnam Enterprise	Vietnam	Other	2.6
		Total	36.8

Industry breakdown [3]

Sector	Long %	Short %	Net %
Financials	17.9		17.9
Consumer Discretionary	16.5		16.5
Communication Services	14.4		14.4
Info Technology	14.1	(0.5)	13.6
Real Estate	6.8		6.8
Industrials	4.2		4.2
Other	2.6		2.6
Health Care	1.8		1.8
Materials	1.0		1.0
Utilities	0.8		0.8
Energy	0.0		0.0
Consumer Staples	0.0		0.0

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).

- July was a month of respite with stability in Asia and good performance for the portfolio.
- China showing signs of stability.
- Caution required given trade tension escalation and yuan devaluation (we are short offshore RMB).

Asian regional markets were basically flat in Australian dollars in July, yet the Fund posted a solid return while maintaining a prudent cash balance and shorting some of the region's highly-valued biotech stocks. July's positive performance was largely driven by Asian technology holdings, in particular the large platform stocks such as Tencent and Naver, as well as memory chip makers such as Taiwan Semi and SK Hynix.

Amid constant trade uncertainty, and frequent disruptive trade policy by Tweet, the Chinese economy is actually showing signs of stabilisation and recovery. Power demand, having fallen to just 2.4% p.a. growth in May, strengthened to 5.5% p.a. growth in June (Source: Citi). Moreover, this is not the result of blockbuster spending in infrastructure projects – growth of which remains weak. Fixed asset investment in non-power sectors grew at 4.1% p.a. in June (comfortably lower than nominal GDP growth), while investment in the grid in China was down 19% p.a. in June (Source: Bloomberg). Should Chinese officials so wish, they can increase infrastructure spending, and while this is an option, we think stimulus via huge infrastructure spending is unlikely. Rather, Chinese officials appear focused on stimulus via tax cuts to low income earners and small businesses, as well as lowering interbank rates in the banking system. China's "credit impulse" (credit growth less nominal GDP growth) just turned positive in June, following a protracted negative period previously (Source: Bloomberg).

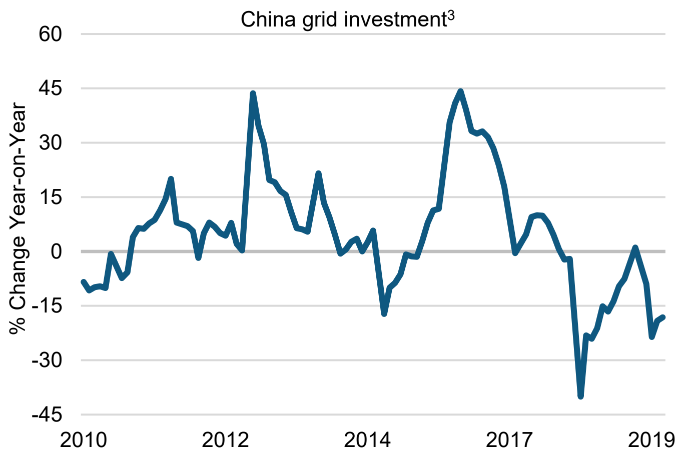
Subsequent to month end we have seen increasing trade tensions between the US and China, with an additional 10% tariff on Chinese exports to the US threatened by President Trump. The Chinese allowed the Chinese RMB to depreciate to above 7 yuan to the US dollar. Note we are short the RMB and long the US dollar and US dollar-pegged Hong Kong dollars. We have lowered exposure to markets subsequent to quarter end as a result of trade tensions.

In response to ongoing demonstrations in Hong Kong, we have lowered domestic Hong Kong exposure (i.e. businesses that operate in Hong Kong, not merely Chinese firms listed there) to close to zero.

The portfolio is carrying sensible cash levels amid difficult markets, but we are not of a mind to short markets aggressively in Asia. Indeed, it is in Asia where we see much of the best value to be found in equity markets globally.

Source: Chart 1 – Bloomberg, Correct as at 30 June 2019.

Source: Chart 2 – Bloomberg, Correct as at 30 June 2019.



Source: Chart 3 – Bloomberg, Correct as at 30 June 2019.