Platinum Asia Fund ARSN 104 043 110

31 December 2019

Facts

Portfolio value	$4.57 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 - 2.6441 Red - 2.6335
Unit prices P Class	App - 0.9392 Red - 0.9354

Fees

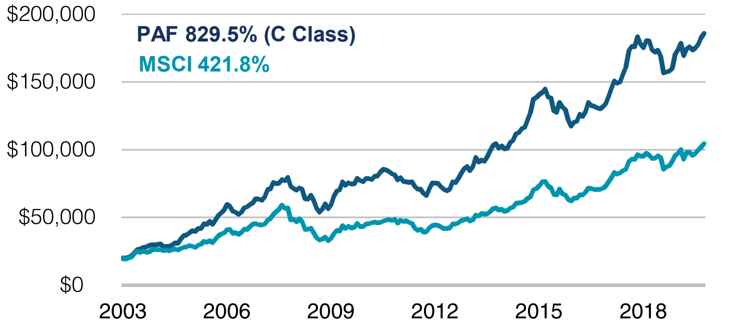
Entry fee		Nil
Buy/sell spread		0.20%/0.20%
Fee:	C Class	Investment Management 1.35% p.a.
		Investment Performance N/A
	P Class	Investment Management 1.10% p.a.
		Investment Performance 15.00% p.a.*

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

Performance [1]

	C Class %	P Class %	MSCI %
1 month	1.75	1.77	2.63
3 months	6.13	6.20	7.25
6 months	6.62	6.75	6.57
Calendar year to date	17.60	17.88	18.35
1 year	17.60	17.88	18.35
2 years (compound pa)	2.76	3.02	6.11
3 years (compound pa)	12.62		13.89
5 years (compound pa)	7.87		9.84
7 years (compound pa)	12.27		11.86
10 years (compound pa)	8.96		8.67
Since inception (compound pa)*	14.17	8.86	10.32

Performance graph [2]



Invested positions [3]

	Long %	Short %	Net %	Currency %
Asia-Pacific	92.1	(0.8)	91.3	62.8
China	8.6		8.6	8.6
China Ex PRC	37.1		37.1	
Hong Kong	8.7	(0.8)	7.9	27.9
Taiwan	6.7		6.7	6.8
India	10.7		10.7	11.0
Korea	11.0		11.0	11.0
Malaysia	0.4		0.4	0.4
Philippines	2.8		2.8	2.8
Thailand	3.4		3.4	3.4
Vietnam	2.6		2.6	2.6
China Renminbi Off Shore				(11.8)
North America				37.1
United States Dollar				37.1
Europe				0.1
UK Pound Sterling				0.1
Sub-Total	92.1	(0.8)	91.3	100.0
Cash	7.9		8.7	
Total	100.0		100.0	100.0

Long - 54 stocks Short - 1 swap

Top ten positions [4]

Stock	Country	Industry	%
Tencent Holdings	China	Comm Services	6.0
Alibaba Group Holding Ltd	China	Cons Discretionary	5.7
Samsung Electronics Co Ltd	Korea	Info Technology	5.6
AIA Group Ltd	Hong Kong	Financials	4.9
Taiwan Semiconductor	Taiwan	Info Technology	4.7
Midea Group	China	Cons Discretionary	3.8
Ping An Insurance	China	Financials	3.5
SK Hynix Inc	Korea	Info Technology	3.4
58.Com Inc	China	Comm Services	3.0
Reliance Industries Ltd	India	Energy	3.0
		Total	43.5

Industry breakdown [3]

Sector	Long %	Short %	Net %
Consumer Discretionary	20.4		20.4
Info Technology	18.6		18.6
Financials	17.9		17.9
Communication Services	12.3		12.3
Industrials	5.9		5.9
Real Estate	5.6		5.6
Energy	3.0		3.0
Other	2.6		2.6
Health Care	2.2		2.2
Consumer Staples	2.1	(0.8)	1.3
Materials	0.9		0.9
Utilities	0.5		0.5

1. & 2. Source: Platinum for Fund returns and Factset Research Systems 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 market value of the Fund's portfolio. The "Currency %" is the effective currency exposure as a percentage of the market value of the Fund's portfolio, 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 market value of the Fund's portfolio (including long securities and long securities derivative positions).

- December saw Asian markets outperform, possibly on relief around trade.
- Valuations remain attractive in the region after two years of underperformance versus the rest of the world – see Chart 1.
- Issues remain, but we expect Asia's growth to remain resilient over the long-term.

December saw ongoing strong performance for the fund and Asian markets in general, as fears regarding trade tension were quashed by an apparent "phase one" resolution in early December. This news came against a background of global monetary easing and US Treasury deficits effectively being monetised by the Federal Reserve via large repurchase operations and quantitative easing in all but name. The combination of all this has encouraged strong asset price performance globally over 2019. That said, the US dollar remains strong, precluding the kind of outperformance of emerging markets in general, and Asia in particular, seen in the early 2000's and in 2017. In this environment, where growth is hard won, we are hewing to quality companies which can grow, while seeking to avoid valuation extremes.

Over the month we added to SK Hynix, one of three dominant memory chipmakers globally. While semiconductor chips remain a cyclical business, this industry is now an oligopoly in both DRAM (for computer operating systems) and NAND (for phones) – see Chart 2 and Chart 3. In DRAM there are three dominant producers, in NAND memory there are five. Ongoing content growth due to streaming services, e-commerce, artificial intelligence and the advent of 5G give us confidence that the long-term growth outlook for semiconductor chips is strong. Samsung, the largest producer of DRAM and NAND globally, is also a major holding in the fund (Source: company filings).

With the imminent release of 5G phones we think that smart phone sales may reaccelerate as consumers seek to replace handsets in order to benefit from greater speeds and functionality. With that in mind we initiated a position in a handset component maker during the month, which we are still building a position in.

We have trimmed our Indian exposure slightly, selling down a holding of one of the major telcos in that country, whose balance sheet and lack of diversification leave it more vulnerable than its major competition – Reliance Industries. We continue to like the emerging industry structure of mobile telephony in India – with few dominant players and very rapid subscriber and content growth. The two major telcos are adding 6-7 million 4G subscribers per quarter at present. However, the land-grab phase of the industry's evolution has led to substantial losses for industry players. We like the fact that Reliance has an excellent refining business, with the world's largest refining complex at Jamnagar, which is crucial to India's energy requirements. Furthermore we are encouraged by statements from Reliance's Chairman Mukesh Ambani that the company is aiming to be debt free within 18 months (Source: company filings).

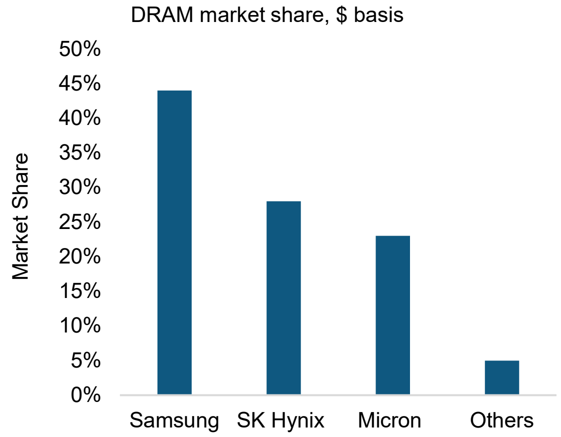
Issues such as trade friction between China and the US and unrest in Hong Kong will be ongoing. We are reminded of the trade friction between the US and Japan in the 1980s – this was an ongoing issue for years. We believe the same will be true between the US and China in coming years. As a result, we hold no basic Chinese manufacturers which may be substituted by migration to locations such as Vietnam or Mexico.

As far as Hong Kong is concerned, again we think problems may linger. Much of this we believe may be attributed to the extreme wealth inequality and intergenerational unfairness of a system which boasts some of the world's most expensive real estate, plus a minimum wage of less than US$5 per hour (Source: Hong Kong Labour Department). This is in addition to concerns regarding Chinese encroachment on the liberties of Hong Kong's people. These issues will not be resolved swiftly. However, from an investment perspective, Hong Kong is a tiny part of the Chinese economy and we own no direct exposure to its economy.

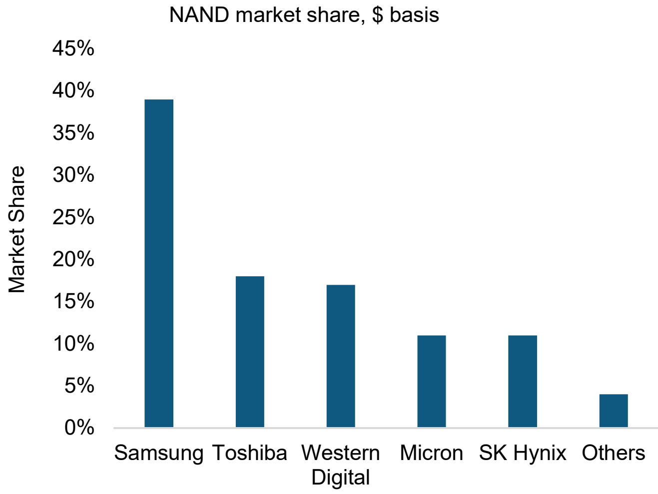
Despite these issues, we believe Asian economies will continue to grow by simply catching up to the productivity levels of the more developed countries, given their high savings rates and focus on long-term investment. The key focus for us is to find domestically oriented companies that can effectively tap into this resilient growth trajectory.

The Quarterly Report will be out on 15 January 2020.

Source: Chart 1 – FactSet, Correct as at 31 December 2019.



Source: Chart 2 – Nomura, Correct as at 31 December 2019.



Source: Chart 3 – Nomura, Correct as at 31 December 2019.