Platinum Asia Fund ARSN 104 043 110

31 August 2020

Facts

Portfolio value	$4.72 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 - 2.7834 Red - 2.7722
Unit prices P Class	App - 0.9867 Red - 0.9827

Fees

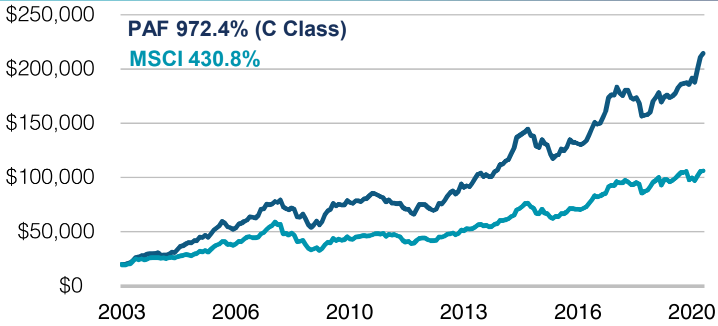
Entry fee		Nil
Buy/sell spread		0.20%/0.20%
Fee:	C Class	Investment Management 1.35% p.a.
		Investment Performance N/A
	P Class	Investment Management 1.10% p.a.
		Investment Performance 15.00% p.a.*

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

Performance [1]

	C Class %	P Class %	MSCI %
1 month	1.59	1.44	0.41
3 months	14.20	13.49	9.28
6 months	14.35	13.28	0.53
Calendar year to date	15.37	14.33	1.72
1 year	23.49	22.49	10.80
2 years (compound pa)	11.18	10.86	5.55
3 years (compound pa)	11.29	10.89	7.88
5 years (compound pa)	10.75		9.61
7 years (compound pa)	12.94		10.59
10 years (compound pa)	9.91		8.67
Since inception (compound pa)*	14.52	11.56	10.01

Performance graph [2]



Invested positions [3]

	Long %	Net %	Currency %
Asia-Pacific	93.4	93.4	95.1
Macao	1.8	1.8	1.8
China	46.9	46.9	47.5
Hong Kong	9.9	9.9	10.2
Taiwan	8.7	8.7	8.8
India	9.5	9.5	9.5
Korea	11.3	11.3	11.4
Philippines	0.9	0.9	0.9
Thailand	1.9	1.9	1.9
Vietnam	2.4	2.4	2.4
Australian Dollar			0.6
Singapore Dollar			0.1
North America			4.9
United States Dollar			4.9
Sub-Total	93.4	93.4	100.0
Cash	6.6	6.6	
Total	100.0	100.0	100.0

Long - 44 stocks

Top ten positions [4]

Stock	Country	Industry	%
Tencent Holdings	China	Comm Services	7.0
Taiwan Semiconductor	Taiwan	Info Technology	6.5
Samsung Electronics Co Ltd	Korea	Info Technology	6.4
AIA Group Ltd	Hong Kong	Financials	5.2
Reliance Industries Ltd	India	Energy	3.6
Ping An Insurance	China	Financials	3.3
Huazhu Group	China	Cons Discretionary	3.1
Li Ning Co Ltd	China	Cons Discretionary	2.9
Focus Media Info Tec	China	Comm Services	2.9
Midea Group	China	Cons Discretionary	2.9
		Total	43.8

Industry breakdown [3]

Sector	Long %	Net %
Consumer Discretionary	26.2	26.2
Info Technology	20.0	20.0
Communication Services	12.3	12.3
Financials	12.1	12.1
Real Estate	5.5	5.5
Consumer Staples	4.2	4.2
Energy	3.6	3.6
Industrials	3.3	3.3
Materials	2.8	2.8
Other	2.4	2.4
Health Care	1.0	1.0

NB: With effect from 31 May 2020, our country classifications for securities were updated to reflect Bloomberg's "country of risk" designations, and our currency classifications for securities were updated to reflect the relevant local currencies of our country classifications.

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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 geographic "Long %" is the exposure to long securities and long securities/index derivative positions, the geographic "Short %" is the exposure to short securities and short securities/index derivative positions and the geographic "Net %" is the difference between the geographic "Long %" and the geographic "Short %", 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. The cash "Long %" includes cash at bank, cashflows expected from forwards and effective cash exposures resulting from long securities/index derivative positions, the cash "Short %" includes effective cash exposures resulting from short securities/index derivative positions and the cash "Net %" is the difference between the cash "Long %" and the cash "Short %", each as a percentage of the market value of the Fund's portfolio. 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".

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).

- Non-Japan Asia markets continued their strong performance.
- China-US tension is ongoing.
- China's domestic recovery appears robust.

August saw positive returns for non-Japan Asian equity markets and a pleasing result for the Fund. The Fund's holding in petrochemicals and electric vehicle (EV) input maker, LG Chem was the strongest contributor for the month, as the company's share price benefited from excitement around the EV theme. All other top ten contributors to performance in August were Chinese or Hong Kong listings, benefiting from the gradual but persistent recovery of the Chinese economy, and consumption in particular. Interestingly, the Fund's main detractors from performance included many of our biggest holdings in technology, such as Samsung, Tencent and Taiwan Semiconductor Manufacturing, indicating the diversity of performance drivers available in Asian markets, as opposed to the narrow leadership of markets elsewhere.

The month just passed saw ongoing evidence of US-Chinese political tension. This now seems a permanent feature of the global political economy, in our view. The last month saw the Trump administration ban Tencent's WeChat app from the USA; clarification followed rapidly that US firms – notably Apple – can continue to offer WeChat for download within China (Source: BBC; Bloomberg). To understand why, consider that out of 1.3 million people responding to a survey on Chinese social media site, Weibo, 1.2 million indicated that they would switch to a new phone rather than do without WeChat (Source: South China Morning Post).

Of particular strategic importance was a story from Reuters that the Trump administration is considering adding China's largest and most advanced semiconductor chipmaker, SMIC, to a trade blacklist. This would effectively make the company unable to operate, in our view. This would be an extreme provocation. Our framework for assessing Sino-US tensions is that the situation is comparable to the mutually assured destruction dynamic of US-Soviet relations. There can be no winner, should tensions erupt into "kinetic war". However, we expect the tension between the era's two great powers will be ongoing, with factions on both sides benefiting from the existence of a common enemy or scapegoat. We continue to monitor the situation assiduously.

During August, Alibaba released its results for the quarter to 30 June 2020, the first quarter of the company's financial year. We thought the results were positive. Revenue grew 34% and operating profit was up 31% on the year prior (Source: Company filings). We thought it was notable that the domestic Chinese e-commerce sector appears to have fully recovered, with all categories growing at similar or faster rates to the December quarter of 2019, prior to the impact of COVID-19; the shift to buying groceries on Alibaba's platforms, evident during COVID-19's impact, appears to have continued into the current quarter; and the cloud computing business recovered fully from early 2020's economic slowdown and grew revenue 59% year-on-year during the quarter (Source: Company filings). Alibaba was among the top ten contributors to Fund performance during the month.

China's economic recovery was corroborated by another 50-plus reading on the country's Purchasing Managers' Index (PMI), with the official PMI reading for August coming in at 51 (Source: FactSet Research Systems). The recovery is patchy, with disaggregated PMI data showing weakness in areas such as employment, exports, imports and among small enterprises (Source: FactSet Research Systems). Anecdotal evidence among companies we monitor globally provides evidence of the strength of the Chinese industrial recovery. German chemical giant, BASF indicated that its Chinese sales were up 28% year-on-year in the month of June versus the prior year in a recent conference call (Source: Company filings). China's heavy-duty truck sales were up 75% year-on-year in the month of August (Source: CVworld.cn). Research firm, Mysteel reported that major construction and infrastructure projects commencing in China were up 55% versus the month prior, with total spending increasing by 22% versus the month prior.

Non-Japan Asia continues to provide diverse opportunities, with relatively cheap markets (namely South Korea and China) and the region's dominant economy, China, recovering well from the impacts of COVID-19.

Source: Chart 1 – IBES consensus, in local currency.
Correct as at 7 September 2020.

Source: Chart 2 – IBES consensus, in local currency.
Correct as at 7 September 2020.

Chart 1 and 2 shows valuations based on sell-side consensus estimates. It is worth noting at this stage, that in our view these earnings forecasts will very likely come down substantially to reflect the impact of the coronavirus-related slowdown on the global economy.