

FACTS

Portfolio value	\$4.13 bn
Fund commenced	04 March 2003
Minimum investment	A\$10,000 or NZ\$10,000
Regular Investment Plan (min.)	A/NZ\$5,000 plus A/NZ\$200 mth/qrt
Income distribution date	Annual, 30 June
Unit valuation	Sydney Business Day
Unit prices C Class	App - 2.5161 Red - 2.5085
Unit prices P Class	App - 0.8955 Red - 0.8928

PERFORMANCE¹

	C Class %	P Class %	MSCI %
1 month	(3.0)	(3.0)	(2.5)
3 months	(1.9)	(1.8)	(2.8)
6 months	(6.9)	(6.8)	(4.5)
Calendar year to date	(3.3)	(3.2)	0.5
1 year	1.7	1.9	5.5
2 years (compound pa)	14.4	14.0	9.5
3 years (compound pa)	14.1	13.9	11.8
5 years (compound pa)	11.9		11.1
7 years (compound pa)	10.4		9.8
10 years (compound pa)	12.6		11.2
Since inception (compound pa)	14.0	10.4	10.0

INVESTED POSITIONS³

	LONG %	SHORT %	NET %	CCY %
Asia-Pacific	88.3	(0.9)	87.5	95.3
Australia				0.1
China	46.7		46.7	47.3
Hong Kong	6.8		6.8	13.6
Taiwan	5.8		5.8	5.8
India	10.6	(0.9)	9.7	9.8
Japan				0.2
Macao	1.0		1.0	1.0
Philippines	1.6		1.6	1.6
Singapore	1.0		1.0	1.0
South Korea	9.5		9.5	9.5
Vietnam	5.4		5.4	5.4
Europe				0.8
United Kingdom				0.8
North America				3.9
United States of America				3.9
Sub-Total	88.3	(0.9)	87.5	100.0
Cash	11.7	0.9	12.5	
Total	100.0		100.0	100.0

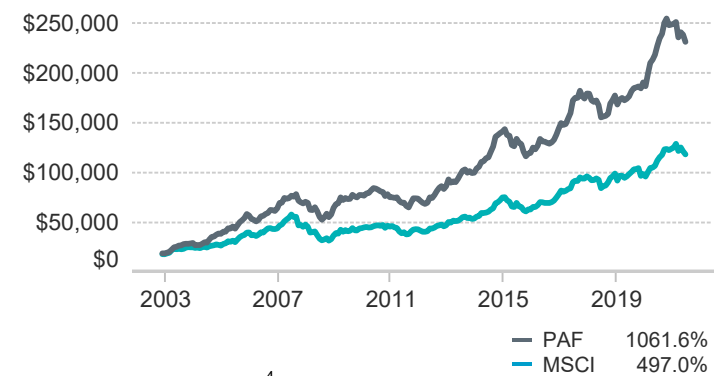
Long - 60 stocks, 1 swap Short - 1 swap, 1 index

FEES

Entry fee	Nil
Buy/sell spread	0.15%/0.15%
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	%
Taiwan Semiconductor	Taiwan	Info Technology	5.2
Samsung Electronics Co	South Korea	Info Technology	4.4
Tencent Holdings Ltd	China	Comm Services	4.1
Vietnam Ent Investments	Vietnam	Other	3.9
Alibaba Group Holding Ltd	China	Cons Discretionary	3.8
InterGlobe Aviation Ltd	India	Industrials	3.7
ZTO Express Cayman Inc	China	Industrials	3.5
Ping An Insurance Group	China	Financials	3.1
AIA Group Ltd	Hong Kong	Financials	3.1
Weichai Power Co Ltd	China	Industrials	2.9
Total			37.8

INDUSTRY BREAKDOWN³

SECTOR	LONG %	SHORT %	NET %
Consumer Discretionary	20.0		20.0
Financials	14.9		14.9
Information Technology	14.8	(0.9)	14.0
Industrials	12.3		12.3
Real Estate	9.5		9.5
Materials	4.3		4.3
Communication Services	4.1		4.1
Consumer Staples	2.6		2.6
Health Care	1.8		1.8
Other	3.9		3.9

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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.

3. 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.

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). All data where MSCI is referenced is the property of MSCI Limited ("MSCI"). No use or distribution of this data is permitted without the written consent of MSCI. This data is provided "as is" without any warranties by MSCI. MSCI assumes no liability for or in connection with this data. Please see full MSCI disclaimer in <https://www.platinum.com.au/Special-Pages/Terms-Conditions>

MARKET UPDATE AND COMMENTARY

- Chinese economy weak, but equity markets calm.
- We have bought back into Tencent and Alibaba.
- Samsung's excellent results and sell off are instructive.

Asian markets and the Fund were negative in October, with all of the region's key markets of China, Taiwan, Korea and India down in Australian dollar terms. Key detractors from the Fund for the month were largely in China, with our Chinese property and consumer discretionary holdings, such as China Resources Land and Anta Sports, lagging. Samsung Electronics was also weak as investors continue to shun semiconductor stocks for fear of memory prices falling from current high levels. However, we see ongoing capital discipline in a consolidated industry as continuing to make semiconductor companies very attractive holdings. Alibaba, which we have been buying in recent weeks, was our largest positive contributor in October. Our Indian stocks also did well and battery input and chemicals company LG Chem bounced back from a weak month in September to contribute strongly.

Chinese economy weak, but market reaction muted

Investors have been saturated with stories of crisis in China, but our view is more prosaic – stocks are somewhat weak in the midst of an economic slowdown and reform program in China, but China and non-Japan Asia more broadly continue to present long-term growth potential, attractive valuations and some very fine businesses. For more information please see The Journal section of our website (<https://www.platinum.com.au/Insights-Tools/The-Journal>).

The Chinese economy has clearly slowed and may be in its first technical recession of modern history (Source: Wigram Capital Advisers). However, despite all the calamitous headlines, China's equity markets have shown a muted response, due in our view, to the low valuations and investor neglect already evident in that market. As a reminder – China's equity market was the world's most expensive in 2007 and is now among its cheapest (Source: Credit Suisse). As a result, we think it is understandable that China's equity markets are basically flat for the year and up more than 60% over three years (please see accompanying chart). Further, data released during October show profits of industrial enterprises in September grew 16.3% year-on-year and at a two-year compound annual rate of 13.2% in China (Source: CICC).

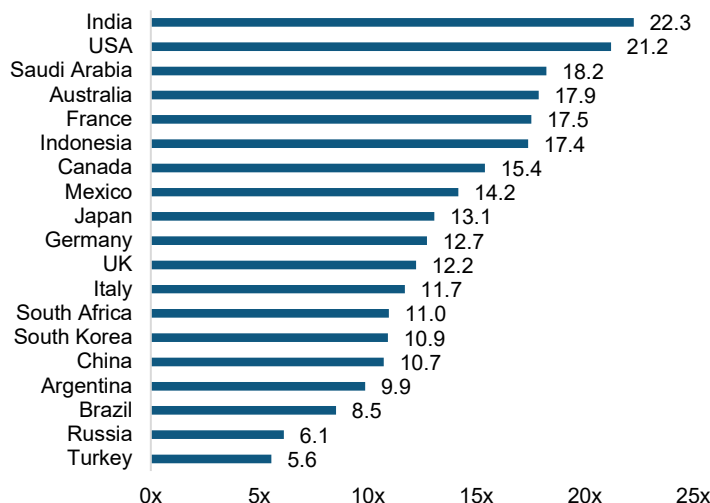
Buying back into China's tech giants

Ongoing regulatory pressure has seen China's internet giants Tencent and Alibaba sell off heavily in recent months. These were among the Fund's biggest holdings until late 2020, when we sold due to heavy investor crowding and clear signals of the regulatory risk that was building, as we recorded in our November 2020 Monthly Update. We have used the current sell off to renew sizeable positions in these still-outstanding businesses. Regulatory risk is a fact of life for dominant platform businesses globally – recall the travails of Facebook and Google. This likely robs some of the dynamism and earnings power from such businesses. However, what remains are regulated social utilities, which can still grow earnings solidly, have enormous returns on capital and market power.

Samsung Electronics reports a strong Q3 and the stock sells off

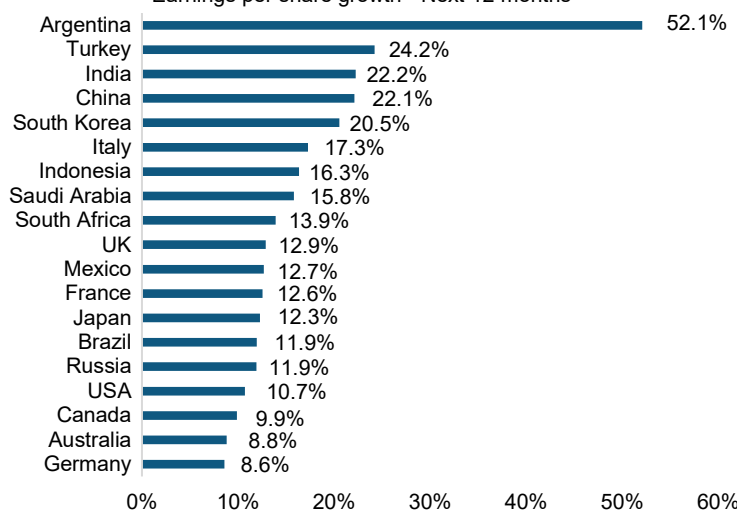
Samsung Electronics reported its third-quarter earnings during October. Its memory business's earnings were up 46% year-on-year and 16% higher than the prior quarter, assisted by growth in volume and increases in average selling price (Source: Company filings). Management noted again that the amplitude of memory cycles is shallower and shorter in duration than in past decades. Capital expenditures remain muted in response to extraordinary pricing – which is central to our thesis that the semiconductor industry has genuinely changed and displays oligopolistic traits. The fact that the stock sold off and was one of our key performance detractors for the month is instructive more broadly. It is an example of equity markets' ongoing, stubborn refusal to price high rates of nominal global growth. We own shares in businesses and we think like owners. We expect to be rewarded for holding high-quality industrial businesses, which can grow earnings, have good balance sheets and market positions. At present, such firms are out of favour with investors, but either markets will price such businesses appropriately, or they will be acquired or reward shareholders with dividends and buybacks.

Major market price-earnings ratios - Next 12 months



Source: Chart 1 – IBES consensus, in local currency. Correct as at 1 November 2021.

Earnings per share growth - Next 12 months



Source: Chart 2 – IBES consensus, in local currency. Correct as at 1 November 2021.

China CSI 300 Index



Source: Chart 3 – FactSet. Data to 4 November 2021