

## FACTS

Portfolio value	\$4.21 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 - 2.5921 Red - 2.5843
Unit prices P Class	App - 0.9228 Red - 0.9200

## PERFORMANCE<sup>1</sup>

	C Class %	P Class %	MSCI %
1 month	3.0	3.0	1.8
3 months	(1.1)	(1.0)	(3.8)
6 months	(4.4)	(4.3)	(3.7)
Calendar year to date	(0.4)	(0.2)	2.3
1 year	1.5	1.7	4.3
2 years (compound pa)	14.5	14.1	9.3
3 years (compound pa)	15.0	14.8	11.6
5 years (compound pa)	12.8		11.5
7 years (compound pa)	10.1		9.6
10 years (compound pa)	13.5		12.0
Since inception (compound pa)	14.2	10.9	10.1

## INVESTED POSITIONS<sup>3</sup>

	LONG %	SHORT %	NET %	CCY %
<b>Asia-Pacific</b>	88.9	(1.0)	88.0	95.3
Australia				0.4
China	47.1		47.1	47.6
Hong Kong	6.3		6.3	12.5
Taiwan	6.0		6.0	6.0
India	10.7	(1.0)	9.7	10.0
Macao	1.1		1.1	1.1
Philippines	1.6		1.6	1.6
Singapore	0.9		0.9	0.9
South Korea	9.6		9.6	9.6
Vietnam	5.6		5.6	5.6
<b>Europe</b>				0.8
United Kingdom				0.8
<b>North America</b>				3.9
United States of America				3.9
<b>Sub-Total</b>	88.9	(1.0)	88.0	100.0
<b>Cash</b>	11.1	1.0	12.0	
<b>Total</b>	100.0		100.0	100.0

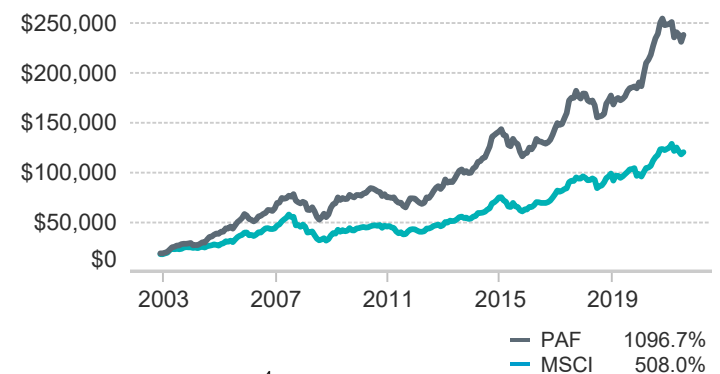
Long - 59 stocks, 1 swap Short - 1 swap, 2 indices

## 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 GRAPH<sup>2</sup>



## TOP TEN POSITIONS<sup>4</sup>

STOCK	COUNTRY	INDUSTRY	%
Taiwan Semiconductor	Taiwan	Info Technology	5.4
Samsung Electronics Co	South Korea	Info Technology	4.6
Tencent Holdings Ltd	China	Comm Services	4.0
Vietnam Ent Investments	Vietnam	Other	4.0
ZTO Express Cayman Inc	China	Industrials	3.9
InterGlobe Aviation Ltd	India	Industrials	3.4
Ping An Insurance Group	China	Financials	3.2
Macrotech Developers Ltd	India	Financials	3.1
Weichai Power Co Ltd	China	Industrials	3.1
Alibaba Group Holding Ltd	China	Cons Discretionary	3.1
<b>Total</b>			<b>37.7</b>

## INDUSTRY BREAKDOWN<sup>3</sup>

SECTOR	LONG %	SHORT %	NET %
Consumer Discretionary	19.4		19.4
Financials	15.1		15.1
Information Technology	15.7	(0.9)	14.7
Industrials	12.9		12.9
Real Estate	9.7		9.7
Communication Services	4.0		4.0
Materials	3.7		3.7
Consumer Staples	2.7		2.7
Health Care	1.7		1.7
Other	4.0		4.0

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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 "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. Country classifications for securities reflect Bloomberg's "country of risk" designations, and currency classifications for securities reflect the relevant local currencies of our country classifications.

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).

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## MARKET UPDATE AND COMMENTARY

- A closer look at Alibaba.
- Non-Japan Asian economies resilient.
- Chinese equity markets see little Omicron reaction.

November saw a rebound in performance for the Fund. Our holdings in chip makers SK Hynix, Samsung Electronics and Taiwan Semiconductor Manufacturing (TSMC) all performed well. Logistics firm ZTO Express was strong. Indian property developer Macrotech was extremely strong and the top contributor to the Fund's performance for the month. Detractors for the month included Alibaba in China, Tata Steel and InterGlobe Aviation in India, and LG Chem in South Korea.

### A closer look at Alibaba

Alibaba is particularly interesting. Whilst we acknowledge there are issues, there is no denying that the company has built an extraordinary e-commerce business, which is central to China's online infrastructure. We did not initially buy into Alibaba until 2016 and we sold most of our holding in late 2020, as it became clear to us that Chinese authorities were serious about greater regulatory pressure in the tech sector. We have added to our holdings in recent months, as we view the company as simply too cheap given the underlying earnings power of its e-commerce and cloud businesses. On Bloomberg figures, the company's shares now trade at a price-to-earnings multiple of 18.7, the lowest since its 2014 debut, and the widest discount to the Nasdaq 100's average multiple ever (note – we hold the Hong Kong listing). There is a price for everything and Alibaba is a reasonable risk/reward proposition at current levels.

### Non-Japan Asian economies' resilience

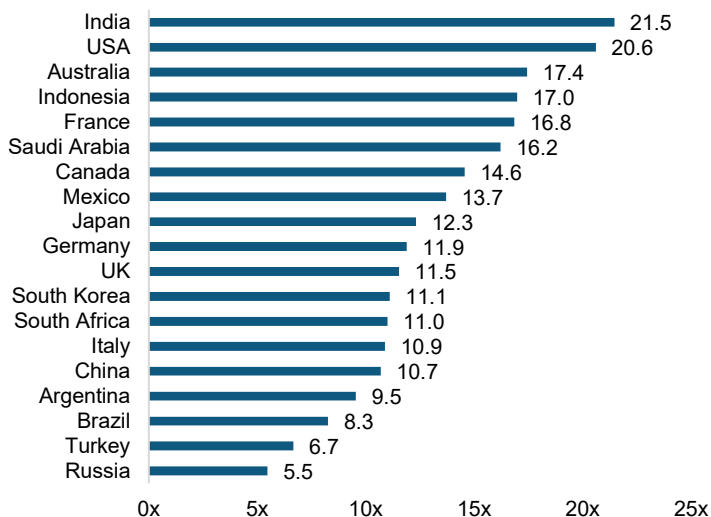
China's manufacturing purchasing managers' index (PMI) rose 0.9 points to 50.1 in November, higher than Bloomberg's median forecast of 49.7 and returning to expansion territory (Source: CICC). Central to this relative strength was an easing of power supply constraints, which lifted the production sub-index by 3.6 points to 52. China is expected to set a lower economic growth target for next year of around 5% to 5.5% ahead of this month's Central Economic Work Conference. The targets are intended to give more room for pushing "structural reforms" amidst "growing challenges" to the economic outlook (Source: Wigram Capital Advisors). Profits of industrial companies in China grew 42.2% year to date to the end of October versus the prior year and the two-year compound annual growth rate, which avoids the COVID-19 distortion, was 19.7% (Source: CICC).

Elsewhere in Asia, South Korean exports rose 32% in November from a year earlier, the sharpest since rise since August and reaching an all-time record in dollar terms (Source: Al Jazeera). Moreover, having fallen precipitously from its highs, the Baltic Dry Index of bulk shipping prices rose throughout November (Source: Hellenic Shipping News).

### Little reaction to Omicron in Chinese markets

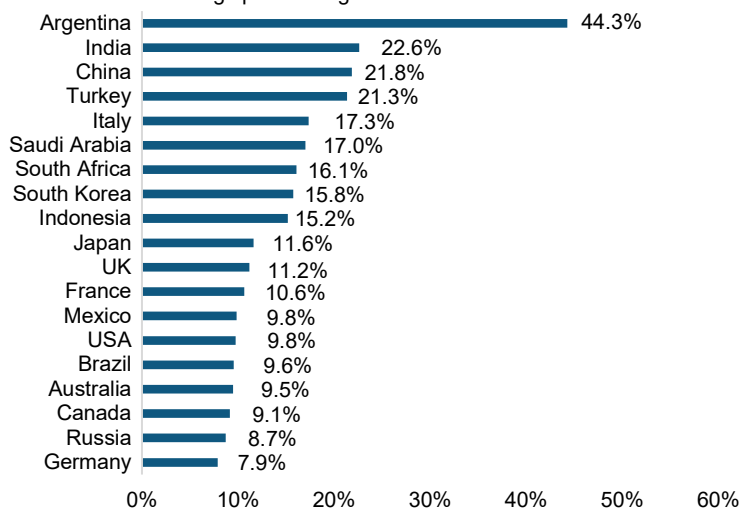
Recent weeks have seen large moves in markets and significant increases in volatility globally. In that context, it is interesting to note the muted reaction in China, with the Shanghai Composite Index up for the month of November and seeing no significant sell off nor increase in volatility in the wake of news of the Omicron variant at month end. It is likely that China will see cases of Omicron, and it is likely that this will test the country's zero COVID policy – but for now it appears that having underperformed in 2021, China's equity market may be viewed as "cheap enough".

Major market price-earnings ratios - Next 12 months



Source: Chart 1 – IBES consensus, in local currency. Correct as at 6 December 2021.

Earnings per share growth - Next 12 months



Source: Chart 2 – IBES consensus, in local currency. Correct as at 6 December 2021.