

Facts

Portfolio value	\$459.32 mn
Portfolio inception	16 September 2015
Current share price	\$1.30
Pre-tax NTA	\$1.2746
Post-tax NTA	\$1.2101

Fees

Management fee:	1.1% p.a. of the portfolio value
Performance fee:	Payable at 15% of the amount by which the portfolio's annual performance exceeds the return achieved by the MSCI All Country Asia ex Japan Net Index

Performance¹

	FUND % (Pre-tax NTA)	MSCI %
1 month	1.56	1.64
3 months	14.46	9.97
6 months	18.01	11.94
Calendar year to date	36.22	31.62
1 year	35.78	31.55
2 years (compound pa)	17.34	17.57
Since inception (compound pa)	15.45	16.24

The Pre-tax NTA return is calculated on net assets after the deduction of fees & costs and assumes the re-investment of any dividends

Top ten positions⁴

STOCK	COUNTRY	INDUSTRY	%
Ping An Insurance Grp	China Ex	PRC Financials	3.4
Kasikornbank PCL Foreign	Thailand	Financials	3.1
Axis Bank Ltd	India	Financials	3.0
Alibaba Group	China Ex	PRC Info Technology	3.0
China Merchants Bank Co Ltd	China Ex	PRC Financials	2.9
Samsung Electronics Co Ltd	Korea	Info Technology	2.8
Tencent Holdings Ltd	China Ex	PRC Info Technology	2.7
Jiangsu Yanghe Brewery	China	Consumer Staples	2.5
China Overseas land	China Ex	PRC Real Estate	2.5
CNOOC Ltd	China Ex	PRC Energy	2.1

Invested positions³

	LONG %	NET %	CURRENCY %
China	5.8	5.8	5.8
China Ex PRC	47.0	47.0	
Hong Kong	3.5	3.5	42.4
Taiwan	1.7	1.7	1.7
India	10.6	10.6	10.7
Indonesia	1.0	1.0	1.0
Korea	10.5	10.5	10.4
Malaysia	0.5	0.5	0.5
Philippines	3.5	3.5	3.5
Singapore	0.8	0.8	
Thailand	4.7	4.7	4.7
Vietnam	1.1	1.1	1.1
	90.7	90.7	
United States Dollar			18.1
Cash	9.3	9.3	
Total	100.0	100.0	100.0

Long - 79 stocks, 2 swaps

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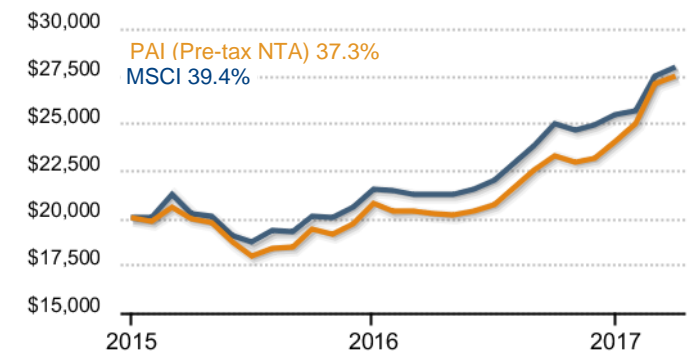
1. Source: Platinum for PAI returns and RIMES Technologies for MSCI returns. Performance results have been calculated using the pre-tax net tangible asset value as released to the ASX and represent the combined income and capital return of the investments for the specified period. Please note that the results are not calculated from the share price of PAI. The returns are calculated relative to the MSCI All Country Asia ex Japan Net Index in A\$. Past performance is not a reliable indicator of future results.

2. Source: Platinum for PAI returns and RIMES Technologies for MSCI returns. The investment returns depicted in this graph are cumulative on A\$20,000 invested in PAI since inception relative to the MSCI All Country Asia ex Japan Net Index in A\$ ("Index"). Performance results have been calculated using the pre-tax net tangible asset value as released to the ASX and represent the combined income and capital return of PAI's investments for the specified period. Please note that the results are not calculated from the share price of PAI. It should be noted that Platinum does not invest by reference to the weightings of the Index. Underlying assets are chosen through Platinum's individual stock selection process and as a result holdings will vary considerably from the make-up of the Index. The Index is provided as a reference only. Past performance is not a reliable indicator of future results.

3. The "Long %" represents the exposure of physical holdings and long stock derivatives as a percentage of PAI's portfolio value. The "Net %" represents the exposure of physical holdings and both long and short derivatives as a percentage of PAI's portfolio value. The "Currency %" represents the currency exposure for PAI as a percentage of PAI's portfolio value, taking into account currency hedging.

4. The "Top ten positions" shows PAI's top long share exposure positions as a percentage of PAI's portfolio value. Long derivative exposures are included. However, short derivative exposures are not. All data where MSCI is referenced is the property of 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/our-funds/platinum-asia-investments-limited/#CompanyPerformance>.

Performance graph²



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Industry breakdown³

SECTOR	LONG %	NET %
Financials	22.2	22.2
Info Technology	16.4	16.4
Cons Discretionary	12.7	12.7
Industrials	8.5	8.5
Materials	6.6	6.6
Real Estate	5.7	5.7
Consumer Staples	5.5	5.5
Energy	4.7	4.7
Health Care	3.7	3.7
Telecom Services	2.5	2.5
Utilities	2.2	2.2

Equity markets in Asia ex Japan continued their strong performance in November. Global investors have warmed to the region, especially technology companies such as Tencent (which recently featured on the cover of the Wall Street Journal when it surpassed Facebook in market value). Investor enthusiasm for large cap tech stocks in Asia is unsurprising, especially the region's tech giants Taiwan Semiconductor, Samsung, Alibaba and Tencent. These are recognisable analogues of Western companies or play on familiar themes for global investors.

More broadly, investor pessimism regarding the region's dominant equity market, China, remains strong. The oft-cited tropes of pollution, overcapacity and rampant debt financing are still trotted out, despite what we see as clear evidence of successful reform and some rejuvenation of the industrial sector in China. The data are unambiguous: rapid growth in rail freight movements, trading partners' exports to China, freight rates and commodity prices are all clear. And this comes with the lowest money supply and credit growth for decades. Further, the sectors receiving credit have changed with funding for heavy industrial sectors shrinking, while lending to new economy applications such as robotics and e-commerce is growing.

There has been significant capacity closure and industry consolidation in China, which has enabled the current renaissance of the industrial economy. However, we are not excited about the prospects for old industrial exposures in China. The significance of supply side reform and rising profitability in heavy industry is that the banking sector is likely to continue to function, with the debt-servicing capacity of the worst sectors of Chinese industry now greatly improved: the old economy of China is now highly unlikely to drag down the new.

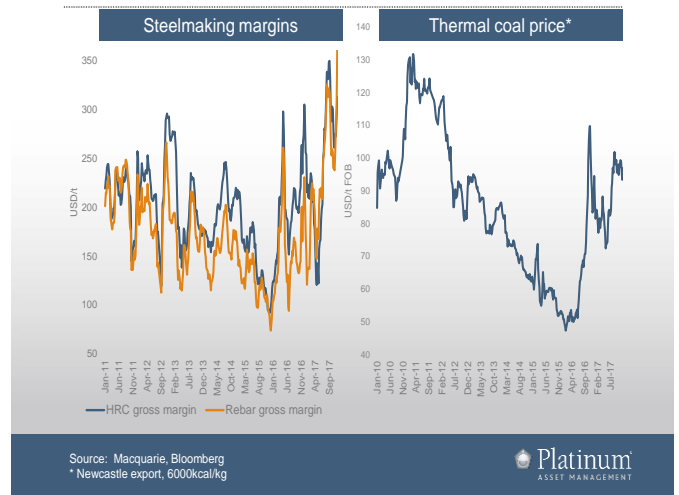
India's market remains the most expensive equity market of any size in the world (at approximately 19 times forward earnings). As a result we are selective in our holdings. In India we hold exposures which tend to be interest rate sensitive, such as banks and infrastructure. It is worth stressing that this massive country has very high real rates at present: the Reserve Bank of India's repo rate is 6% while inflation is approximately 3% (expected to rise to 4% or so as demonetisation effects diminish). Indian lending growth is at a record low as a result. While timing cannot be known, real rates will fall and lending growth will accelerate, of this we are certain, which will benefit our Indian holdings.

Elsewhere in Asia, Vietnam has a booming export sector, with outsourcing from China and Korea driving rapid export growth: we estimate that Samsung supply chain exports account for 25% of Vietnam's exports! There are some problems, not least rapid credit growth and a fixed exchange rate. However, consumer credit is tiny and the outlook for ongoing outsourcing to the country remains strong.

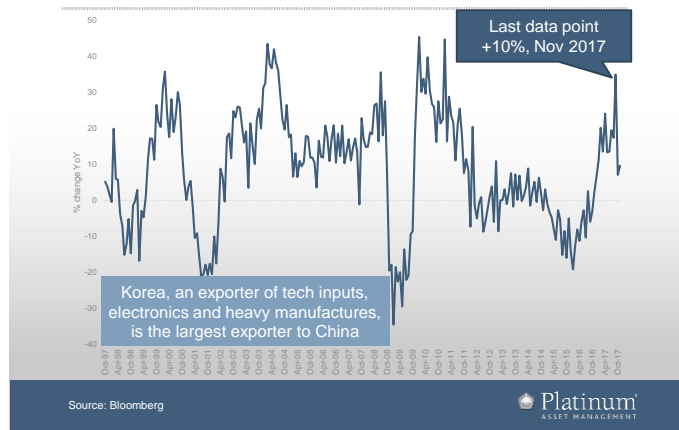
In Thailand, current account has swung from a 1% deficit to an 11% surplus over the last three years, due in part to poor domestic demand given limited infrastructure spending and political uncertainty. The outlook is good: contractors report that infrastructure projects are being tendered and getting underway, while the consumer may be getting more confident with malls reporting increasing sales after years of stagnation.

We continue to see good valuations for very interesting companies across Asia, within a setting of strong economic reforms in India and China and growing regional integration.

China: heavy industry renaissance



Korean exports: a return to growth



Ongoing debt binge? Nope...M2 growth in China



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