

Facts

Portfolio value	\$453.84 mm
Portfolio inception	16 September 2015
Current share price	\$1.265
Pre-tax NTA	\$1.2594
Post-tax NTA	\$1.2091

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	(0.11)	(0.32)
3 months	9.85	8.57
6 months	19.52	13.17
Calendar year to date	36.07	31.20
1 year	36.07	31.20
2 years (compound pa)	17.97	17.90
Since inception (compound pa)	14.78	15.44

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

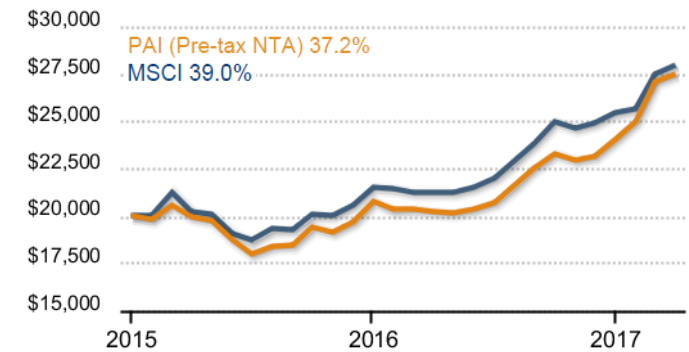
STOCK	COUNTRY	INDUSTRY	%
Alibaba Group	China	Info Technology	3.3
Ping An Insurance Grp Co	China	Financials	3.3
Axis Bank Ltd	India	Financials	3.2
Kasikornbank PCL	Thailand	Financials	3.1
China Merchants Bank Co Ltd	China	Financials	3.0
Tencent Holdings Ltd	China	Info Technology	2.9
Samsung Electronics Co Ltd	Korea	Info Technology	2.8
China Overseas land	China	Real Estate	2.6
Jiangsu Yanghe Brewery	China	Consumer Staples	2.5
CNOOC Ltd	China	Energy	2.4

Invested positions³

	LONG %	NET %	CURRENCY %
China	52.9*	52.9*	6.0
Hong Kong	3.3	3.3	42.8
Taiwan	1.9	1.9	1.9
India	10.8	10.8	10.7
Indonesia	1.0	1.0	1.0
Korea	11.8	11.8	11.8
Malaysia	0.5	0.5	0.5
Philippines	2.9	2.9	2.9
Singapore	0.8	0.8	
Thailand	4.6	4.6	4.6
Vietnam	1.2	1.2	1.2
	91.7	91.7	
Australian Dollar			0.7
United States Dollar			16.0
Cash	8.3	8.3	
Total	100.0	100.0	100.0
Long - 78 stocks, 2 swaps			

*China includes exposure to Chinese A shares, H shares and ADRs.

Performance graph²



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

Industry breakdown³

SECTOR	LONG %	NET %
Financials	22.7	22.7
Info Technology	16.9	16.9
Cons Discretionary	11.4	11.4
Industrials	8.9	8.9
Materials	6.8	6.8
Real Estate	6.0	6.0
Consumer Staples	5.4	5.4
Energy	5.3	5.3
Health Care	3.7	3.7
Telecom Services	2.4	2.4
Utilities	2.2	2.2

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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>.

A pause in performance in December in Asian equity markets, and global equity markets, brought 2017 to a modest conclusion after a year of very strong returns. However, the outlook appears positive.

Globally, Purchasing Managers' Indices are very strong at the conclusion of 2017. China, the largest economy in the world when adjusted for domestic purchasing power (a measure known as purchasing power parity), is a significant driver for this global economic strength.

Capacity closures in oversupplied sectors such as coal and steel have borne fruit in 2017, with commodity prices up, cash generation by distressed state owned enterprises improved and debt servicing capacity on outstanding debts in these sectors enhanced. 2018 may see less focus on eliminating capacity and more focus on merging entities in such industries: for instance the largest power utility in the world is currently being created via the merger of China Shenhua and China Guodian.

The Chinese economy does not look to be running at or above capacity, which would require caution. Producer Price Inflation has rebounded sharply over the last 18 months, running at above 5% consistently. This is a welcome return to inflation after over three years of deflation at the producer level, driven by China's previously over-supplied industries. However, Consumer Price Inflation in China is running at under 2%, giving a picture of an economy in rude health, but not overheating.

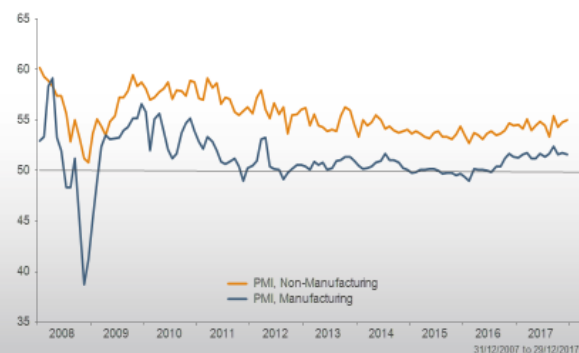
We see significant potential for a rebound in activity in the Chinese property market. Property prices, having rocketed in Tier 1 cities in 2015, have stabilised, while smaller cities' property price have risen gradually since then, alleviating fears of a property bubble. Tier 1 (finished) property transactions were down 31% in 2017 versus 2016, while land sales rose in 2017 – restrictive property policies are limiting end market activity, but more land has been freed up for development. This is why property investment fell in 2017, and this sets the scene for a rebound in property investment in 2018. We have a good exposure to residential property firms in China, notably with China Offshore Land Investment.

At the core of our portfolio lies the Chinese consumer, be this in financials, information technology or consumer staples and discretionary. In addition we have been buying industrials, energy and materials exposures, as cyclicals remains cheap and the global economy is firing. Further, China's economic evolution is providing new opportunities in environmental technology, robotics, biotech and battery materials.

India remains in an interesting position economically and a difficult place to invest for us given valuation. Real interest rates remain very high, with Consumer Price Inflation at 4.8% in November (year on year) and the policy rate at 6%. Credit growth is very low, with bank credit growth just 0.2% in the Indian fiscal year to November (this is the lowest credit growth in the history of the country). Personal loans are growing at around 9%, while lending growth to industry is negative. Despite tight monetary policy and low credit growth, the Indian economy is growing at around 6.5%p.a. Also, India remains the most expensive major equity market globally, at over 19 times forward earnings. Hence our modest exposure to India at this stage.

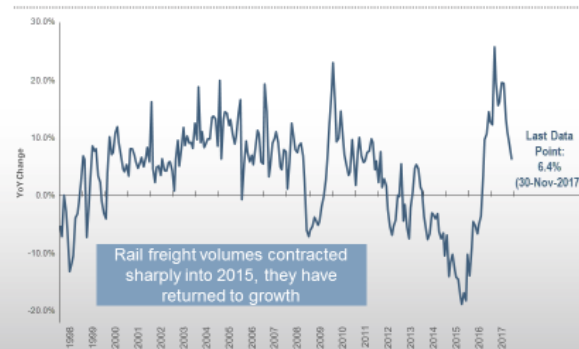
The Platinum Asia Investments Ltd Quarterly Report will be available on our website, www.platinum.com.au, from the 15th of January and mailed out by month end.

China - Purchasing Manager's Intentions



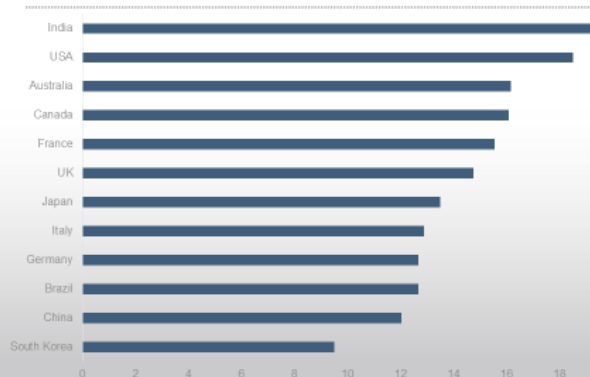
Source: FactSet
 Note: PMIs are surveys of logistics managers' intentions to increase or decrease orders. A reading above 50 indicates expansion, below 50 indicates contraction.
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Chinese rail freight (tonne-kilometres)



Source: FactSet
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Major market price-earnings ratios – Next 12 months



Source: Credit Suisse, IBES
 Note: Next 12 months price earnings ratios. Correct as at 2 January 2018
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