

FACTS

Portfolio value	\$478.05 mn
Portfolio commenced	15 September 2015
Current share price	\$1.160
Current dividend yield	8.62%
Pre-tax NTA	\$1.2461
Post-tax NTA	\$1.1922
Maximum franked dividend	10.32 cps
NTA retained earnings & div profit resv.	21.81 cps

PERFORMANCE¹

	Company % (Pre-tax NTA)	MSCI %
1 month	2.2	2.9
3 months	(3.3)	0.1
6 months	(4.9)	1.2
Calendar year to date	0.8	6.3
1 year	13.0	19.0
2 years (compound pa)	17.7	14.8
3 years (compound pa)	11.5	9.9
5 years (compound pa)	12.7	12.1
Since inception (compound pa)	11.2	11.3

PAI's returns are calculated after the deduction of fees and expenses, adjusted for taxes paid and any capital flows and assume the reinvestment of dividends. PAI's returns have not been calculated using PAI's share price.

INVESTED POSITIONS³

	LONG %	SHORT %	NET %	CCY %
Asia-Pacific	84.9		84.9	88.2
China	44.3		44.3	44.3
Hong Kong	7.3		7.3	10.4
Taiwan	5.7		5.7	5.7
India	9.9		9.9	9.9
Japan				0.2
Macao	0.8		0.8	0.8
Philippines	1.5		1.5	1.5
Singapore	1.4		1.4	1.4
South Korea	9.4		9.4	9.4
Vietnam	4.6		4.6	4.6
Europe				0.3
United Kingdom				0.3
North America				11.5
United States of America				11.5
Sub-Total	84.9		84.9	100.0
Cash	15.1		15.1	
Total	100.0		100.0	100.0

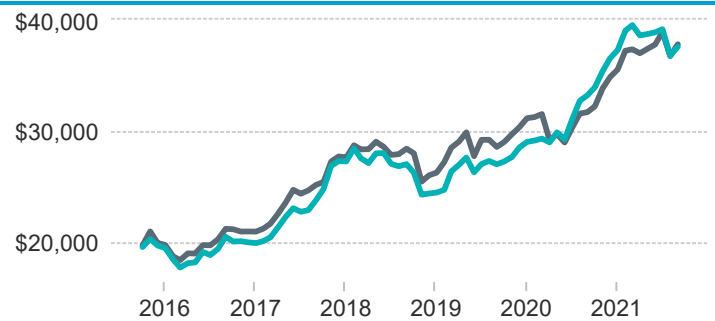
Long - 58 stocks, 1 swap

FEES

Management fee:	1.10% p.a. (excl. GST) of portfolio value* plus
Performance fee:	15.00% p.a. (excl. GST) of outperformance over benchmark (MSCI All Country Asia ex Japan Net Index (A\$))

*The portfolio value is the market value of the investments in the portfolio after the deduction of fees and expenses, adjusted for taxes, corporate actions and dividends.

PERFORMANCE GRAPH²



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TOP TEN POSITIONS⁴

STOCK	COUNTRY	INDUSTRY	%
Taiwan Semiconductor	Taiwan	Info Technology	5.2
Samsung Electronics Co	South Korea	Info Technology	4.7
Weichai Power Co Ltd	China	Industrials	3.7
Tencent Holdings Ltd	China	Comm Services	3.6
Alibaba Group Holding Ltd	China	Cons Discretionary	3.5
Vietnam Ent Investments	Vietnam	Other	3.5
AIA Group Ltd	Hong Kong	Financials	3.4
ZTO Express Cayman Inc	China	Industrials	3.3
InterGlobe Aviation Ltd	India	Industrials	3.1
SK Hynix Inc	South Korea	Info Technology	2.5
Total			36.6

INDUSTRY BREAKDOWN³

SECTOR	LONG %	SHORT %	NET %
Consumer Discretionary	19.1		19.1
Information Technology	14.5		14.5
Financials	13.9		13.9
Industrials	13.8		13.8
Real Estate	9.1		9.1
Materials	4.1		4.1
Communication Services	3.6		3.6
Consumer Staples	1.9		1.9
Health Care	1.4		1.4
Other	3.5		3.5

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1. & 2. Source: Platinum for portfolio returns and Factset Research Systems for MSCI returns. The returns are calculated relative to the MSCI All Country Asia ex-Japan Net Index in A\$. The investment returns in the line graph are cumulative on A\$20,000 invested in PAI since inception. 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 PAI's top ten long securities positions as a percentage of PAI's portfolio value (including long securities and long securities derivative positions). 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/Special-Pages/Terms-Conditions>

MARKET UPDATE AND COMMENTARY

- Performance relatively flat for August.
- Much ado about little in China – some perspective is required.

Tumultuous headlines in the financial press about Chinese regulation were belied by relatively flat performance in Asian markets and for PAI in August. Performance was mixed by sector and country for the month. Top contributors included Chinese tech firm JD.com, Chinese property developer China Resources Land and Chinese industrial Weichai Power, while Indian airline operator InterGlobe Aviation also contributed strongly in August. Detractors included Chinese tech giant Alibaba and Korean semiconductor firms SK Hynix and Samsung, which had a weak month after recent excellent performance amid sell-side stories of an inventory build and potential DRAM price weakness, which we think are overdone.

Chinese regulation: some perspective

Recent coverage of policy reforms in China has bordered on hysterical at times.* This is unhelpful for investors. China has a very different form of government, which many in the West see as “undemocratic”. We would gently remind those commentators that this is not unusual in Asia, and not at all equivalent to poor social or economic outcomes – see for example Singapore, and to a lesser extent South Korea and Japan. Each of these Asian economic success stories display political regimes that scarcely resemble the liberal democracies of the West.

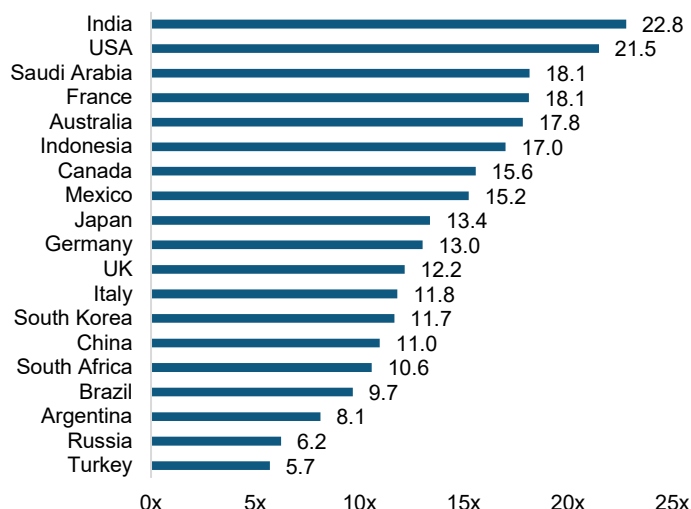
Moreover, Europe clearly has a greater penchant for regulation than the anglophone West. All global finance firms now have to comply with the Markets in Financial Instruments Directive (MiFID) and the General Data Protection Regulation (GDPR) for instance, while Margrethe Vestager has sought to hold global tech firms accountable for data practices and anti-competitive behaviour in her capacity as competition commissioner of the European Commission (Source: Time). Moreover, many European corporate governance nuances are unfamiliar to most investors in the US or Australia, notably Germany’s system of “codetermination” whereby corporate boards include worker or union representatives (Source: The New York Times).

We provide this context by way of reinforcing that one simply cannot expect the same regulation and culture of corporate governance to apply globally. China has a different system to the anglophone West – this should hardly be a shock to seasoned investors. Moreover, it is the second-largest equity market in the world, and among its cheapest. Regulations limiting property speculation, tech market abuses and time spent gaming are far from senseless nor incompatible with the functioning of markets, in our view.

Most importantly for investors, the market reaction to reforms announced in China is in marked contrast to some of the breathless commentary in the West – please refer to the accompanying chart of the Shanghai Composite Index. Note that this is despite clear evidence of China’s economy slowing amid weaker export growth in recent months (see accompanying chart) and softening purchasing managers’ indices (PMIs). China’s manufacturing PMI in August was just over the neutral level of 50 at 50.1 and the non-manufacturing PMI came in at a contractionary level of 47.5 (Source: Ollari Consulting). China’s equity market appears to have priced in the current slowdown and taken regulation in its stride, as officials have lowered the banking system’s reserve ratio requirement and indicated increased infrastructure spending is on the cards for the second half of 2021 and into 2022 (Source: Reuters).

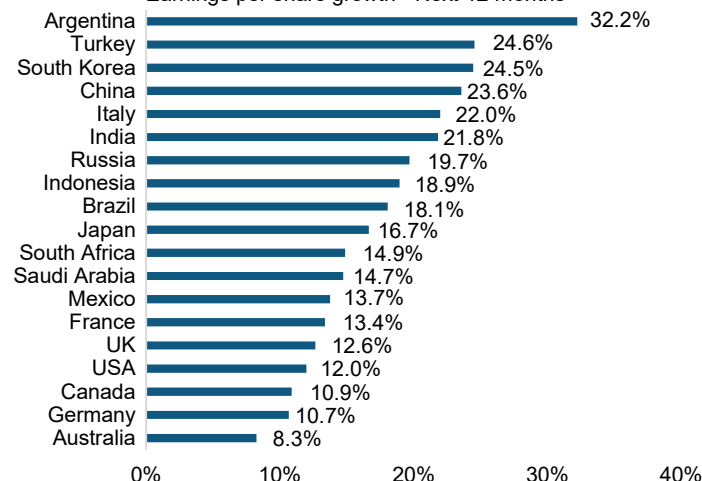
For further discussion of Chinese regulation please see our recent articles on The Journal section of our website (<https://www.platinum.com.au/Insights-Tools/The-Journal>).

Major market price-earnings ratios - Next 12 months



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

Earnings per share growth - Next 12 months



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

Chinese Export Growth



Source: Chart 3 - FactSet. Data to July 2021.

Shanghai Composite Index



Source: Chart 4 - FactSet. Data to 3 September 2021.

* See for example <https://www.abc.net.au/news/2021-08-02/chinas-war-on-everything-turns-towards-its-own-tycoons-verrender/100341464>