



Platinum Asia Fund

(Quoted Managed Hedge Fund) - ASX: PAXX

28 February 2019

Facts

Portfolio value	\$156.58mn
Fund commenced	12 September 2017
Fund launch	14 September 2017
Income distribution date	Annual, 30 June
Unit valuation	Sydney Business Day
Net Asset Value (\$ per unit)	\$4.3399

Fees

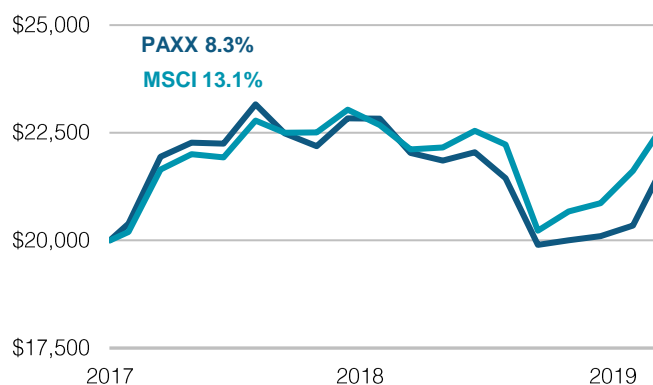
Entry fee	Nil
Buy/sell spread (Platinum Asia Fund)	0.25%/0.25%
Fee:	Investment Management 1.10% p.a. Investment Performance 15.00% p.a.*

Performance¹

	Fund %	MSCI %
1 month	6.46	4.63
3 months	8.28	9.40
6 months	(1.74)	0.31
Calendar year to date	7.79	8.40
1 year	(3.67)	0.53
Since inception	5.61	8.76

*of the amount by which the Fund's return exceeds its index return

Performance graph²



Top ten positions of Platinum Asia Fund⁴

STOCK	COUNTRY*	INDUSTRY	%
Alibaba Group	China	Cons Discretionary	4.6
Samsung Electronics Co Ltd	Korea	Info Technology	3.8
Ping An Insurance Grp	China	Financials	3.1
Tencent Holdings Ltd	China	Communication Serv.	2.9
Kasikornbank PCL	Thailand	Financials	2.9
Axis Bank Ltd	India	Financials	2.8
Ayala Land Inc	Philippines	Real Estate	2.6
58.COM Inc	China	Communication Serv.	2.6
Vietnam Enterprise	Vietnam	Other	2.2
Melco Resorts	Hong Kong	Cons Discretionary	2.2

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

Invested positions of Platinum Asia Fund³

	LONG %	NET %	CURRENCY %
China	13.9	13.9	16.8
China Ex PRC	32.9	31.9	
Hong Kong	7.6	7.6	23.3
India	12.2	11.3	14.8
Korea	9.5	9.2	9.4
Malaysia	0.5	0.5	0.5
Philippines	3.2	3.2	3.2
Thailand	4.4	4.4	4.4
Vietnam	2.2	2.2	2.2
	86.4	84.2	
Australian Dollar			0.4
China Renminbi Off Shore			(19.1)
UK Pound Sterling			0.1
United States Dollar			44.0
Cash	13.6	15.8	
Total	100.0	100.0	100.0

Long - 75 stocks, 1 swap Short - 2 stocks, 1 index

Industry breakdown of Platinum Asia Fund

SECTOR	LONG %	NET %
Financials	23.5	23.5
Cons Discretionary	18.8	18.8
Communication Services	13.9	13.9
Industrials	6.4	6.4
Real Estate	6.2	6.2
Info Technology	5.7	4.8
Consumer Staples	4.8	4.8
Other	2.2	2.2
Health Care	1.8	0.5
Energy	1.2	1.2
Materials	1.0	1.0
Utilities	0.8	0.8

Platinum Investment Management Limited ABN 25 063 565 006 AFSL 221935, trading as Platinum Asset Management ("Platinum") is the responsible entity and issuer of units in the Platinum Asia Fund (Quoted Managed Hedge Fund) (the "Fund"). The Platinum Quoted Managed Funds Product Disclosure Statement dated 14 September 2017, the Supplementary Product Disclosure Statement dated 23 February 2018 and the Second Supplementary Product Disclosure Statement dated 23 October 2018 (together the "PDS") provide details about the Fund. You can obtain a copy of the PDS from Platinum's website www.platinum.com.au, or by contacting Investor Services on 1300 726 700 (Australian investors only), or 0800 700 726 (New Zealand investors only), or 02 9255 7500, or via invest@platinum.com.au. The information presented in this Fact Sheet is general information only and is not intended to be financial product advice. It has not been prepared taking into account your investment objectives, financial situation or needs, and should not be used as the basis for making an investment decision. Before making any investment decision you need to consider (with your financial adviser) your particular investment needs, objectives and financial circumstances. Some numerical figures in this Fact Sheet have been subject to rounding adjustments. Neither Platinum nor any company in the Platinum Group®, including any of their directors, officers or employees (collectively "Platinum Persons"), guarantee the performance of the Fund, the repayment of capital, or the payment of income. To the extent permitted by law, no liability is accepted by any Platinum Person for any loss or damage as a result of any reliance on this information.

1. & 2. Source: Platinum for Fund returns and RIMES Technologies for MSCI returns. Investment returns are calculated using the Fund's NAV unit price (i.e. exclude a buy/sell spread), and represent the combined income and capital returns in the specified period. All returns are pre-tax, net of fees and costs and assume the reinvestment of distributions. Returns 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\$. The investment returns depicted in the graph are cumulative on A\$20,000 invested in the Fund since inception. Past performance is not a reliable indicator of future returns. It should be noted that Platinum does not invest by reference to the weightings of the index. Underlying assets are chosen through Platinum's bottom up 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.

3. China refers to securities or derivatives over securities, which securities are listed on the Shanghai or Shenzhen stock exchange. China Ex PRC refers to securities or derivatives over securities, which securities are listed outside of the PRC but provide exposure to PRC companies. The "Long %" represents the exposure to direct securities holdings and long stock/index derivatives as a percentage of the Platinum Asia Fund's ("PAF's") net asset value. The "Net %" represents the exposure to direct securities holdings and both long and short stock/index derivatives as a percentage of PAF's net asset value. The "Currency %" represents the effective currency exposure of PAF's portfolio as a percentage of PAF's net asset value, taking into account currency exposures through securities holdings, cash, forwards and long and short stock/index derivatives.

4. The "Top ten positions" show PAF's top ten long positions as a percentage of PAF's net asset value. Direct securities holdings and long stock derivatives are included. However, short stock derivatives are not included. 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/SpecialPages/Terms-Conditions>.

Market update and commentary

After a frustrating year the Fund performed more satisfactorily in February, returning 6.5% for the month, led by very strong performance from our Chinese holdings, in particular tech and related holdings such as Alibaba, 58.com and Autohome, as well as long term holding Ping An Insurance.

Problematic stocks over the last year have been: YES! Bank and Bharti in India; Chinese internet companies Sina and Weibo; and resources companies Yanzhou Coal and MMG.

Yes! Bank was struck by regulatory interference when its CEO was not granted a permit required to remain as head of the bank. This appears to us to relate to somewhat arbitrary classifications of loans as being "in arrears" or "delinquent". Meanwhile total credit growth in India is approximately 10% p.a. and nimble private sector banks can be expected to grow faster than system.

Bharti, meanwhile, is engaged in a price war with other Indian telco operators (notably Mukesh Ambani-led Jio), which while difficult in the near term, we see as likely to become more rational with time in the world's fastest growing and second-largest mobile phone market.

The weakness in several of our Chinese internet holdings appears due to sentiment rather than imperilled business models. This has improved in recent weeks: for instance Weibo is up over 35% from recent lows.

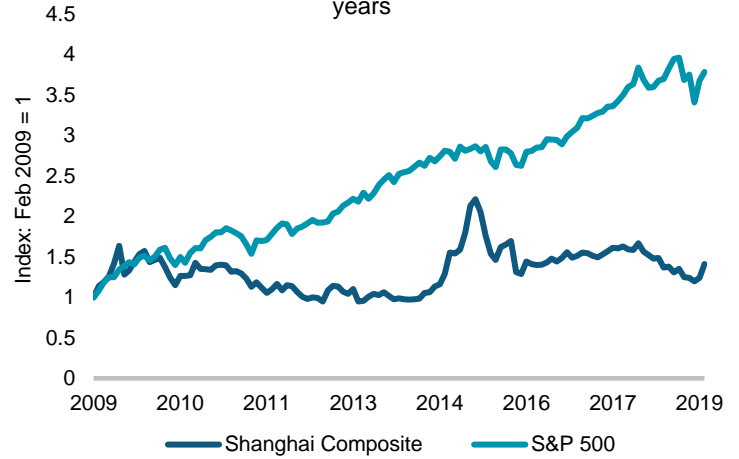
Our mining holdings have come under pressure, in line with many mining stocks outside of the global diversifieds, as markets have fretted about demand for commodities such as coal and copper. In our view the longer term outlook for these commodities, and by extension Yanzhou and MMG, is strong. MMG was one of the Fund's best performing holdings in the month of February, incidentally.

News came from MSCI during the month that the index provider will include China as 20% of emerging markets indices moving forward, a move likely to see foreign buying of Chinese equities. We regard this as a pleasant tangent to the underlying reasons for owning Chinese stocks, which is that they are cheap, with good growth prospects and generally clean balance sheets in the private segment of the economy (as opposed to China's generally heavily indebted state owned enterprises).

Investors may be asking if it is time to take profits after a rapid recovery in Chinese shares. Our inclination is that this is not the time to sell. After ten years of weak performance and an appalling 2018, Chinese shares remain cheap, even after the recent rally. And the Chinese government has clearly signalled that growth will be prioritised in the near term, as a response to the excessive tightening of monetary and fiscal conditions in the last year.

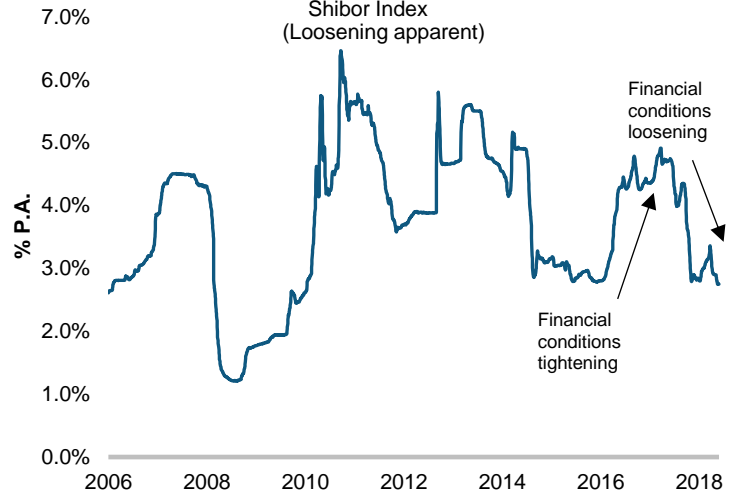
As we have written previously, given the underlying resilience we see in the dominant economy in Asia, China, and the exceptional value presented by cyclicals, we continue to hold a portfolio dominated by cyclicals. Given valuations and our outlook for reasonable global demand growth, plus Chinese stimulus positioning of for the portfolio.

China's equity markets have gone nowhere for 10 years



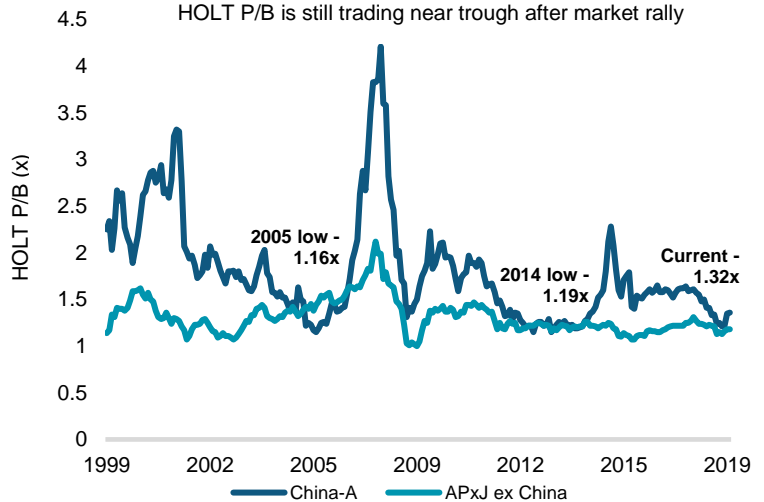
Source: Bloomberg, correct at 4 March 2019.

Shibor Index (Loosening apparent)



Source: Bloomberg, correct at 4 March 2019.

HOLT P/B is still trading near trough after market rally



Source: Credit Suisse HOLT lens™