



# Platinum Asia Fund

(Quoted Managed Hedge Fund) - ASX: PAXX

30 April 2019

## Facts

Portfolio value	\$167.06mn
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)	\$4.5502

## Fees

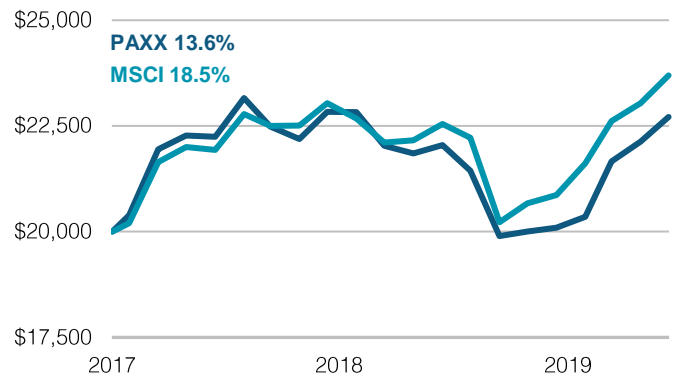
Entry fee	Nil
Buy/sell spread (Platinum Asia Fund)	0.25%/0.25%
Fee:	Investment Management 1.10% p.a. Investment Performance 15.00% p.a.*

## Performance<sup>1</sup>

	Fund %	MSCI %
1 month	2.61	2.84
3 months	11.62	9.62
6 months	14.15	17.14
Calendar year to date	13.01	13.57
1 year	(0.55)	2.87
Since inception	8.11	10.96

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

## Performance graph<sup>2</sup>



## Top ten positions of Platinum Asia Fund<sup>4</sup>

STOCK	COUNTRY*	INDUSTRY	%
Taiwan Semiconductor	Taiwan	Info Technology	4.4
Tencent Holdings Ltd	China	Communication Serv.	4.1
Samsung Electronics Co Ltd	Korea	Info Technology	4.0
Alibaba Group	China	Cons Discretionary	3.9
Ping An Insurance Grp	China	Financials	3.6
AIA Group Ltd	Hong Kong	Financials	3.5
Autohome Inc	China	Communication Serv.	3.1
Kweichow Moutai Co Ltd	China	Consumer Staples	3.0
Kasikornbank PCL	Thailand	Financials	2.6
Meituan Dianping	China	Cons Discretionary	2.6

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

## Invested positions of Platinum Asia Fund<sup>3</sup>

	LONG %	NET %	CURRENCY %
China	8.1	8.1	17.6
China Ex PRC	31.4	31.4	
Hong Kong	9.1	9.1	27.1
Taiwan	4.4	4.4	4.4
India	11.0	10.0	11.8
Korea	8.7	8.4	8.5
Malaysia	0.5	0.5	0.5
Philippines	2.4	2.4	2.4
Thailand	3.6	3.6	3.7
United States	0.1	0.1	31.8
Vietnam	2.3	2.3	2.3
	81.6	80.2	
China Renminbi Off Shore			(10.0)
Cash	18.4	19.8	
Total	100.0	100.0	100.0

Long - 68 stocks, 1 swap    Short - 2 stocks, 1 index

## Industry breakdown of Platinum Asia Fund

SECTOR	LONG %	NET %
Financials	22.1	22.1
Cons Discretionary	15.8	15.8
Communication Services	15.6	15.6
Info Technology	11.1	10.1
Real Estate	3.9	3.9
Consumer Staples	3.1	3.1
Industrials	3.0	3.0
Other	2.3	2.3
Health Care	2.1	1.8
Utilities	1.0	1.0
Materials	0.8	0.8
Energy	0.7	0.7

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](http://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](mailto: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>.

- China continues its positive start to 2019.
- Emerging markets and industrial economies remain cheap.
- The world is growing resiliently.

The Fund, and Asian markets in general, had another pleasing month in April. The Fund's long holdings performed well, led by Chinese stalwarts Ping An, Kweichow Moutai and Tencent, while short positions and our cash holdings detracted.

Economic indicators in China continue to improve, after the slowdown caused by trade and tight financial conditions in 2018.

New-home price growth in China accelerated in March, after four months of sequential falls in home price appreciation. The value of new homes in 70 cities excluding government-subsidised housing, gained 0.61 percent on average in March versus February. That accelerated from a 0.53 percent rise a month earlier. The recovery is more evident in Tier 2 and Tier 3 cities than Tier 1 cities (Source: Bloomberg).

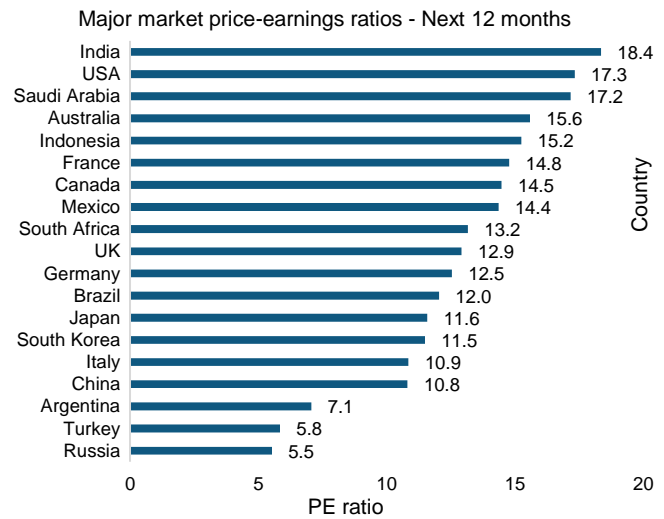
The Chinese consumer roared back to life over the Labour Day break. The number of domestic tourists grew by 13.7% YoY during the Labour Day holiday, while tourism revenue grew by 16.1% YoY, both higher than 9.3% Year-on-Year (YoY) and 14.4% YoY in 2018. Airline passenger traffic grew by 12.4% YoY (Source: CICC).

China's April PMI missed consensus (50.1 delivered vs. 50.5 expected), but continued to indicate modest expansion. Within the PMI forward indicators were stronger than current conditions, while exports were contractionary (Source: Morgan Stanley).

China's industrial economy appears to be improving. China crude steel output totalled 80.3mt in March, up 10% YoY according to data released by China's National Bureau of Statistics. This marks a 12% month-on-month (MoM) increase in China steel output, and a record for monthly crude steel production in China (Source: BMO). China's mobile crane sales growth was 62% YoY in March, up from 42% YoY growth in Jan-Feb and 47% YoY in full-year 2018. Excavators saw 16% YoY growth and wheel loaders recorded 13% YoY growth (note that cranes are later-cycle than excavators). China's total diesel engine sales rose 9% YoY in March following a 4% YoY decline in Jan-Feb and a 1% YoY decline in the full-year 2018 (Source: Morgan Stanley). China's industrial profits grew 13.9% in March YoY, the highest rate since August 2018 (Source: Caixin).

Against this backdrop the People's Bank of China announced in early May that the Reserve Ratio Requirement for small banks will be cut on May 15. This targeted RRR cut will release Rmb280bn (A\$59bn) in total liquidity (Source: CICC). This appears to be further evidence of fiscal and monetary policy accommodation directed at lower income households, small and medium enterprises and areas outside China's main cities. Sentiment in Chinese equity markets appears to have cooled from very high levels, but China remains cheap, even relative to other Emerging Markets (EM) (see accompanying charts).\*

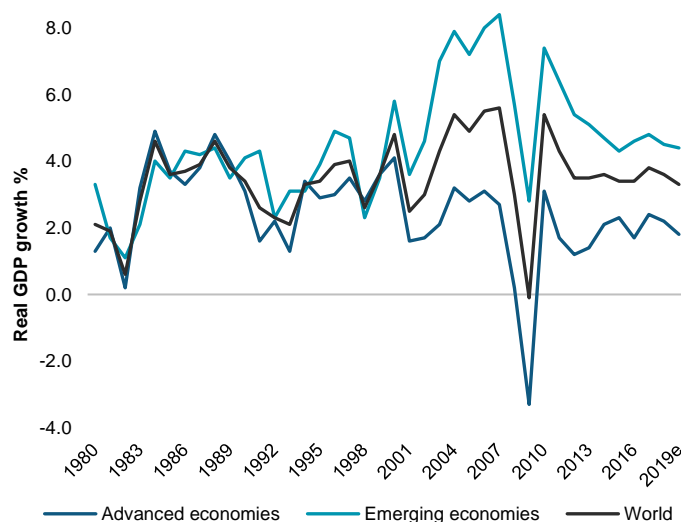
While sentiment in markets generally remains fragile and we are all subject to trade policy by Tweet, it is worth remembering that the world is growing resiliently. Indeed, the post 2009 period has seen higher than average growth than the period from 1981 to 2009 (3.8% versus 3.4% - data from the IMF)! It is easy to forget that China, India and other huge developing countries now make up far more of the global economy and continue to grow solidly, if less spectacularly than the early 2000's. Amid this growth, industrial economies and emerging markets remain cheap, while the herd seeks the latest in Software as a Services (SaaS).



Source: MSCI, Credit Suisse  
Note: Next 12 months price earnings ratios. Correct at 6 May 2019.



Source: MSCI, Credit Suisse  
Note: Found by inverting PE ratios above. Correct at 6 May 2019.



Source: IMF  
[https://www.imf.org/external/datamapper/NGDP\\_RPCH@WEO/OEMDC/ADVEC/WEO\\_WORLD](https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/OEMDC/ADVEC/WEO_WORLD)

\*The charts show both the price-earnings ratio and earnings-yield. They are the inverse of each other. The earnings-yield is more useful for comparison across asset classes, when consideration is given to growth.