

Platinum Asia Fund

(Quoted Managed Hedge Fund) - ASX: PAXX



MONTHLY REPORT 31 January 2021

FACTS

Portfolio value	\$192.20 mn
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)	\$5.9166

PERFORMANCE¹

	Fund %	MSCI %
1 month	4.7	4.7
3 months	10.1	9.9
6 months	19.0	17.7
Calendar year to date	4.7	4.7
1 year	33.9	18.8
2 years (compound pa)	25.1	16.7
3 years (compound pa)	11.2	8.9
Since inception (compound pa)	14.7	12.1

INVESTED POSITIONS³

	LONG %	SHORT %	NET %	CCY %
Asia-Pacific	83.7	(0.3)	83.3	98.6
Australia				0.8
China	47.1		47.1	47.2
Hong Kong	6.8		6.8	11.4
Taiwan	6.3		6.3	6.3
India	5.0		5.0	5.8
Japan		(0.3)	(0.3)	
Macao	0.9		0.9	0.9
Philippines	1.4		1.4	1.4
Singapore	0.9		0.9	1.2
South Korea	11.4		11.4	11.6
Thailand	1.4		1.4	1.4
Vietnam	2.6		2.6	2.6
China Renminbi Offshore				8.0
Europe				0.1
United Kingdom				0.1
North America				1.2
United States of America				1.2
Sub-Total	83.7	(0.3)	83.3	100.0
Cash	16.3	0.3	16.7	
Total	100.0		100.0	100.0

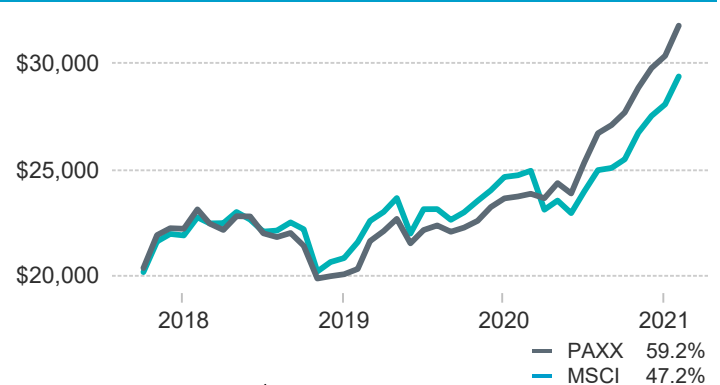
Long - 47 stocks Short - 1 swap

FEES

Entry fee	Nil
Buy/sell spread	0.20%/0.20%
(Platinum Asia Fund)	Investment management 1.10% p.a.
	Investment performance 15.00% p.a.*

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

PERFORMANCE GRAPH²



TOP TEN POSITIONS⁴

STOCK	COUNTRY	INDUSTRY	%
Taiwan Semiconductor	Taiwan	Info Technology	5.3
Samsung Electronics Co	South Korea	Info Technology	5.3
AIA Group Ltd	Hong Kong	Financials	3.8
Weichai Power Co Ltd	China	Industrials	3.4
Kingsoft Corp Ltd	China	Info Technology	3.2
Tencent Holdings Ltd	China	Comm Services	3.1
SK Hynix Inc	South Korea	Info Technology	3.1
LG Chem Ltd	South Korea	Materials	3.1
Ping An Insurance Group	China	Financials	2.7
Ping An Bank Co Ltd	China	Financials	2.6
Total			35.6

INDUSTRY BREAKDOWN³

SECTOR	LONG %	SHORT %	NET %
Information Technology	19.6		19.6
Consumer Discretionary	18.2		18.2
Financials	13.8		13.8
Industrials	9.4		9.4
Real Estate	8.2		8.2
Communication Services	5.2		5.2
Materials	3.1	(0.3)	2.7
Consumer Staples	2.4		2.4
Health Care	1.3		1.3
Other	2.5		2.5

Platinum Investment Management Limited ABN 25 063 565 006 AFSL 221935, trading as Platinum Asset Management ("Platinum") is the responsible entity of the Platinum Asia Fund (Quoted Managed Hedge Fund) (the "Fund"). The Fund's latest Product Disclosure Statement (the "PDS") provides 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. This information is general in nature and does not take into account your specific needs or circumstances. You should consider your own financial position, objectives and requirements and seek professional financial advice before making any financial decisions. Numerical figures have been subject to rounding. Platinum does not guarantee the performance of the Fund, the repayment of capital or the payment of income. The market commentary reflects Platinum's views and beliefs at the time of preparation, which are subject to change without notice. No representations or warranties are made by Platinum as to their accuracy or reliability. To the extent permitted by law, no liability is accepted by Platinum for any loss or damage as a result of any reliance on this information.

1. & 2. Source: Platinum for Fund returns and Factset Research Systems 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 (including any accrued performance fee) and costs and assume the reinvestment of distributions. 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. 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 PAF's top ten long securities positions as a percentage of the market value of PAF's portfolio (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>

Platinum Asia Fund

(Quoted Managed Hedge Fund) ASX: PAXX

MONTHLY REPORT 31 January 2021



MARKET UPDATE AND COMMENTARY

This commentary relates to the underlying fund, the Platinum Asia Fund.

- Broad Asian recovery continues with strong equity market performance.
- China has tightened financial conditions marginally.
- The Indian government has announced a big spending budget.

January saw another very strong month of performance for the Fund and Asian equity markets in general. Chinese banks, semiconductor holdings, Tencent and Weichai Power all made meaningful contributions for the month and are each worthy of a brief update.

Portfolio holdings update

With regard to our holdings in Chinese banks Ping An and China Merchants Bank, these are run as private banks, as opposed to the more state-directed banks like Bank of China. We bought into these better-quality Chinese banks in recent months as a result of ongoing deflation globally and in China especially, which benefits banking businesses.

Taiwan Semiconductor Manufacturing (TSMC) continued its strong performance of recent months, driven by apparent shortages in semiconductors globally, which is showing up most acutely in the automotive sector (source: Financial Times). As a result, TSMC's chip-making lines look set to see very high capacity utilisation, driving high profitability for the immediate future, in our view.

Portfolio holding Weichai Power reported in January and the stock was particularly strong. Management guided to greater than 25% year-on-year total diesel engine sales growth for 2021 and increasing market share across its business lines. For us, perhaps the most exciting part of the business is its hydrogen engine division. Management indicated that the market will enter a growth stage in the next five years; current market demand is 10,000 units p.a.; and Weichai's capacity planning is based on 20,000 units/year (source: company filings, FactSet).

Chinese tech behemoth Tencent appears to have benefited from the woes of its peer Alibaba. Of particular note was commentary in Shanghai Securities News pointing to Tencent's founder Pony Ma as a visionary who is "rewriting the mobile age", while Alibaba founder Jack Ma was excluded. Such scuttlebutt aside, Tencent is a superb business in our view and appears to be under less competitive scrutiny than Alibaba and indeed, is less culpable for competitive abuses in our view. That said, we would repeat that we have trimmed Tencent in recent months, in preference for somewhat more economically sensitive holdings.

China tightening at the margin

During the month there were concerns about Chinese financial conditions tightening, perhaps excessively so, with the Shanghai Interbank Offered Rate (Shibor) blowing out to multi-year highs of 3.3% (source: Bloomberg). In reality, capital availability probably does need to be reined in somewhat and is being so, in order to prevent economic and asset price overheating in our view. Conditions appear to have eased, with Shibor easing back to a healthier looking 1.86% by early February (source: Bloomberg).

In line with conditions tightening at the margin, China's manufacturing Purchasing Managers' Index (PMI) eased in January. The Caixin China PMI, which is weighted toward small, private manufacturers, dropped to 51.5 in January from 53.0 in December. Still, January's reading was the ninth consecutive month that the Caixin PMI held above the 50 mark that separates expansion from contraction (source: Reuters).

India's big spending budget

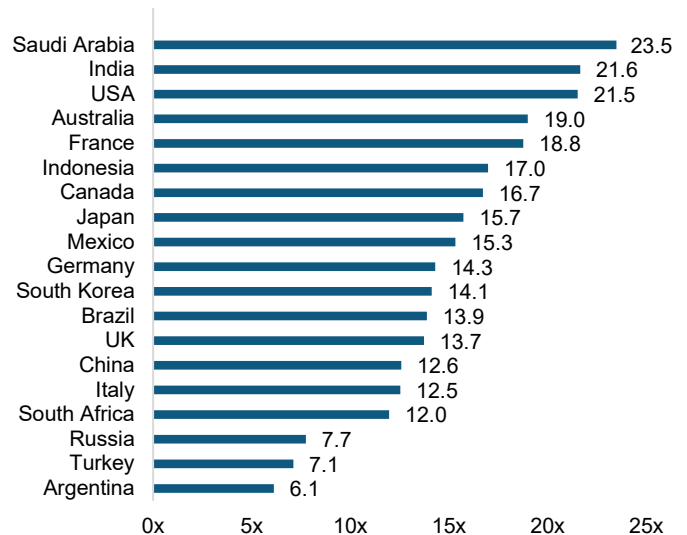
Elsewhere in the region, Bloomberg reported India's Finance Minister Nirmala Sitharaman told India's parliament that the budget deficit target for the year starting April will be 6.8% of GDP versus consensus forecasts of 5.5%. For 2020, the deficit will be 9.5% versus a planned 3.5% (source: Economic Times of India). The news saw equity markets respond positively and bond markets sell off in India amid ongoing optimism about the reopening of the Indian economy and the boost it would receive from the announced fiscal stimulus.

In summary, we continue to see a healthy recovery in Asia's economic condition, with signs of prudent tightening at the margin in China and strong fiscal stimulus in India adding to our impression that the region's recovery is durable. As such, we are likely to continue to orient the portfolio somewhat more toward economically sensitive names than in the past year or so to benefit from this expected recovery.

Andrew Clifford and Cameron Robertson have been appointed co-managers of the Asia Fund effective 1 April 2021.

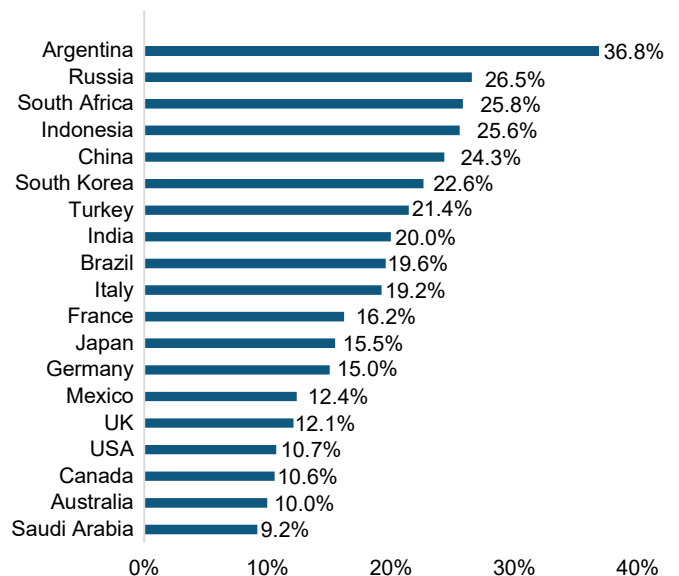
<https://www.platinum.com.au/PlatinumSite/media/ASX-Releases/PTM-announcement-1-02-2021.pdf>

Major market price-earnings ratios - Next 12 months



Source: Chart 1 – IBES consensus, in local currency. Correct as at 4 February 2021.

Earnings per share growth - Next 12 months



Source: Chart 2 – IBES consensus, in local currency. Correct as at 4 February 2021.