

Platinum Asia Fund



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Portfolio Manager

Overview

- Asian markets continued their good performance with Artificial Intelligence (AI) businesses strongly in demand. The tech-heavy markets of South Korea and Taiwan led the region. Platinum's core semiconductor holdings – **SK hynix**, **Samsung Electronics** and **TSMC** – were all up strongly.
- Our Chinese financial holdings bounced back this quarter as fears they would be forced to support struggling Chinese property businesses seemed to be easing. As a result, **Ping An Insurance** and **China Merchants Bank** did well.
- We took a small position in Chinese autonomous vehicle company, **Pony AI**. The technology in the autonomous vehicle sector is getting better each day. Perhaps more importantly, the scale economics are also improving.

Performance

compound p.a.+ , to 31 December 2025

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Asia Fund*	5%	24%	14%	6%	13%
MSCI AC Asia ex Jp Index^	4%	23%	17%	7%	10%

+ Excludes quarterly returns.

* C Class – standard fee option. Inception date: 4 March 2003.

After fees and costs, before tax, and assuming reinvestment of distributions.

^ Index returns are those of the MSCI All Country Asia ex Japan Net Index in AUD.

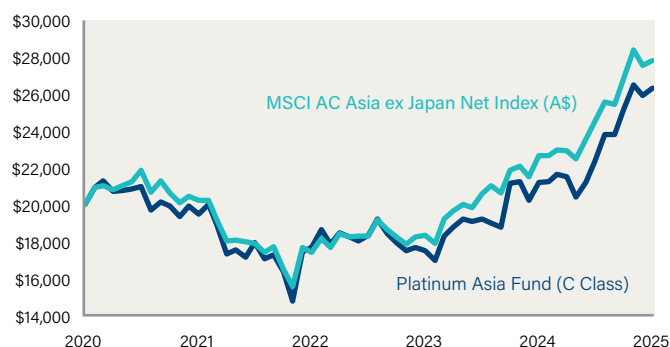
Source: Platinum Investment Management Limited, FactSet Research Systems.

Historical performance is not a reliable indicator of future performance.

See note 1, page 5. Numerical figures have been subject to rounding.

Value of \$20,000 invested over five years

31 December 2020 to 31 December 2025



After fees and costs, before tax, and assuming reinvestment of distributions.

Historical performance is not a reliable indicator of future performance.

Source: Platinum Investment Management Limited, FactSet Research Systems.

See notes 1 & 2, page 5.

Markets across Asia continued their upward trajectory during the quarter, driven primarily by unflagging enthusiasm for Artificial Intelligence (AI) businesses. The tech-heavy markets of South Korea and Taiwan led the region, with our core semiconductor holdings – **SK hynix** (+80%), **Samsung Electronics** (+39%) and **TSMC** (+17%) all major contributors to performance.

However, the AI trade is now reaching into unexpected corners of the old economy. As companies scramble to bring datacentres online faster than utility grids can support them, they're buying industrial power generation from any source who can meet their needs quickly – like Weichai Power, a Chinese manufacturer of heavy-duty diesel engines and trucks. Weichai is an inadvertent beneficiary of the AI arms race, illustrating how broad and deep this thematic runs.

Not all tech-linked companies were winners this quarter. After rallying sharply earlier in the year, our Chinese e-commerce and internet stalwarts – **Alibaba**, **JD.com**, **Tencent** and **Kuaishou** – saw their share prices soften as the market focused on more direct AI beneficiaries.

Commentary – a return to commercial rationality in China?

Outside technology, the most significant developments occurred within our Chinese financial and property holdings. Our large positions in Financials, specifically **Ping An Insurance** (+22%) and **China Merchants Bank** (+13%), delivered strong performance, while property holdings such as **China Resources Land** and **China Overseas Land** traded down more than 10% over the quarter.

To understand why this divergence matters, consider what has held Chinese Financials back for two years. These banking and insurance groups traded at incredibly conservative valuations – levels implying deep distress. The primary reason was a 'moral hazard' discount: investors feared these companies would be coerced by the government to bail out distressed property developers, effectively socialising losses from China's real estate crisis.

This quarter offered a pivotal sign this concern might be overdone. The Shenzhen government indicated it would not indefinitely bail out even relatively favoured developers like China Vanke. Following this, Ping An Insurance began to play hardball, pushing China Fortune Land for genuine reforms and filing litigation when rebuffed.

This subtle but profound shift signals that market fears financial companies would be forced to offer open-ended support to the property sector are unfounded. Instead, financial heavyweights are cleaning up the mess, prioritising their own balance sheets and own shareholders. The market responded positively, driving a re-rating in Ping An and China Merchants Bank.

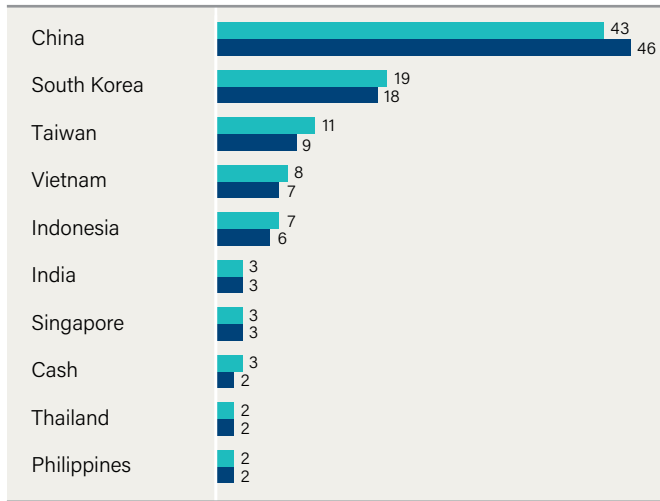
Of course, this means the property sector itself faces a harsh reality check and that weighed on China Resources Land and China Overseas Land. We've kept these positions because these companies are among the few financially robust players left and so positioned to pick up distressed assets and build market share. While painful in the short term, the long term thesis is compelling – they are the 'last players standing'.

Broader Asia: growing pains and steady gains

Indian markets had a solid quarter, but our specific exposure faced headwinds. Most notably, **InterGlobe Aviation** (operator of IndiGo) saw its share price suffer due to operational hiccups adapting to new government staffing regulations.

In Southeast Asia, holdings such as Vietnamese retailer **Mobile World** and Indonesian automotive giant **Astra International** added to Fund returns, benefiting from resilient consumer demand in their economies.

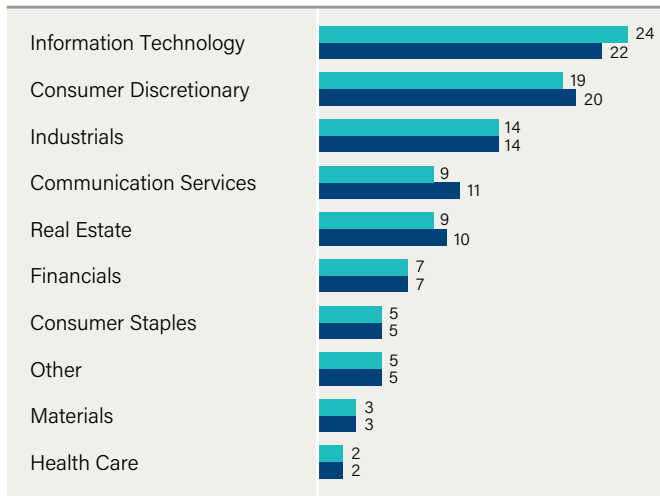
Disposition of Assets %



31 DEC 2025 30 SEP 2025

See note 3, page 5. Numerical figures have been subject to rounding. Source: Platinum Investment Management Limited.

Net Sector Exposures %



31 DEC 2025 30 SEP 2025

See note 4, page 5. Numerical figures have been subject to rounding. Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Taiwan Semiconductor	Taiwan	Info Technology	10.2%
Samsung Electronics Co	South Korea	Info Technology	6.8%
Tencent Holdings Ltd	China	Comm Services	5.4%
SK hynix Inc	South Korea	Info Technology	4.9%
Vietnam Enterprise Inv Ltd	Vietnam	Other	4.9%
JD.com Inc	China	Cons Discretionary	3.8%
Ping An Insurance Group	China	Financials	3.7%
ZTO Express Cayman Inc	China	Industrials	3.5%
China Resources Land Ltd	China	Real Estate	2.9%
Trip.com Group Ltd	Singapore	Cons Discretionary	2.6%

As at 31 December 2025. See note 5, page 5. Source: Platinum Investment Management Limited.

The future is here (and it’s taking passengers)

During the quarter, we introduced a small position in Chinese autonomous vehicle company, **Pony AI**. It’s a stock pick that tells a broader story.

For many investors, autonomous driving is 'exciting futuristic technology' – it’s always five years away. We bought Pony because that view is outdated. Autonomous vehicles are not on the horizon; they are on the road today, scaling rapidly with unit economics that finally make sense.

Pony AI is at the forefront of this shift. The company grew its autonomous robotaxi fleet from approximately 250 vehicles at the end of 2024 to 1,159 by the end of 2025, with plans to triple this to over 3,000 vehicles in 2026. While focused primarily on the Chinese market, they’re quietly setting up operations in Singapore, South Korea, Luxembourg and Qatar.

To put this in context, reports suggest Google’s Waymo was serving 450,000 paid rides a week in late 2025 – a doubling in just six months. Pony AI is on a similar trajectory.

The investment case is not about cool technology; it’s about the cold math of unit economics. A few years ago, the sensor suites and computational power needed for a robotaxi were prohibitively expensive. Today, costs are plummeting. A fully equipped vehicle now costs less than \$50,000, with Pony aiming to reduce the autonomy suite cost by a further 40% this year.

When you remove the driver, operating leverage is immense. While there are overheads – cleaning crews, maintenance, and remote monitoring – these costs are easily covered at scale. Early indications show insurance costs are materially lower due to superior safety records, and a single remote monitor can track over 25 vehicles simultaneously.

Furthermore, the technology's robustness has stepped up. A few years ago, these cars could only run in simple, sunny environments. Today, Pony's vehicles work 24/7 in the chaotic traffic of Beijing and Shanghai, rain or shine.

Of course, risks remain. San Francisco reminded us of this before Christmas, when a power outage blacked traffic lights across the city, overwhelming Waymo's remote operations teams and leaving confused robotaxis stranded. Competition is also intensifying.

However, as cyberpunk author William Gibson famously said, "The future is already here – it's just not evenly distributed." We believe the distribution of this technology is accelerating, and our investment in Pony AI is a stake in that immediate future.

Portfolio activity: Jollibee's turnaround

During the quarter, we continued building our position in Philippine franchise giant **Jollibee**.

Jollibee is one of the few fast-food chains globally that successfully defended its home turf against McDonald's, securing top spot in the Philippines with its localised fried chicken concept.

However, as often happens, success brings its own dangers. Flush with cash, the group embarked on what legendary investor Peter Lynch might have called 'di-worsification', buying a disparate basket of global franchise operations – some good, some heavily loss-making. This dragged on returns and obscured the quality of the core business.

The tide turned with the arrival of a new CFO in 2022. Richard CW Shin has proven to be a superior steward of shareholder capital. The organisation pivoted away from empire-building and re-focused on what they do best: selling chicken. They're aggressively expanding the core Jollibee brand into the United States, where early signs are promising, while turning around or exiting underperforming legacy acquisitions.

Our thesis is simple: we're buying a national champion at a reasonable price with a management team finally pulling the right levers. If their US market strategy works, we'll be rewarded handsomely. If it doesn't, given the low valuation and domestic cash flow, the downside is limited.

To fund our Pony AI and Jollibee buys, we trimmed positions in companies whose prices have grown significantly, such as SK hynix, **Bilibili** and **H World**. While we still like these businesses, the risk-reward equation has shifted after their strong runs.

Outlook

The Fund is still fully invested. While headlines focus on geopolitical noise and fears of an AI bubble, the reality is more nuanced. While pockets of the market – particularly the most obvious AI winners – have moved up, large swathes of the Asian market continue to trade at undemanding prices.

Whether it's the clearing event in Chinese financials, the commercialisation of autonomous transport, or the turnaround of consumer franchises in Southeast Asia, we continue to find attractive prospects. We believe the region offers a compelling risk-reward profile for investors with a medium to longer-term time horizon.

Notes

Unless otherwise specified, all references to "Platinum" in this report are references to Platinum Investment Management Limited (ABN 25 063 565 006, AFSL 221935).

Some numerical figures in this publication have been subject to rounding adjustments. References to individual stock or index performance are in local currency terms, unless otherwise specified.

1. Fund returns are calculated by Platinum using the net asset value unit price (i.e. excluding the buy/sell spread) of the stated unit class and represent the combined income and capital returns over the specified period. Fund returns are net of fees and costs, pre-tax, and assume the reinvestment of distributions. The MSCI index returns are in AUD, are inclusive of net official dividends, but do not reflect fees or expenses. MSCI index returns are sourced from FactSet Research Systems. Platinum does not invest by reference to the weightings of the specified MSCI index. As a result, the Fund's holdings may vary considerably to the make-up of the specified MSCI index. MSCI index returns are provided as a reference only. The investment returns shown are historical and no warranty is given for future performance. Historical performance is not a reliable indicator of future performance. Due to the volatility in the Fund's underlying assets and other risk factors associated with investing, investment returns can be negative, particularly in the short term.
2. The investment returns depicted in the graph are cumulative on A\$20,000 invested in C Class (standard fee option) of the Fund over the specified period relative to the specified MSCI index in AUD.
3. The geographic disposition of assets (i.e. other than "cash" and "shorts") shows the Fund's exposures to the relevant countries/regions through its long securities positions and long securities/index derivative positions, as a percentage of its portfolio market value. Country classifications for securities reflect Bloomberg's "country of risk" designations. "Shorts" show the Fund's exposure to its short securities positions and short securities/index derivative positions, as a percentage of its portfolio market value. "Cash" in this table includes cash at bank, cash payables and receivables and cash exposures through derivative transactions.
4. The table shows the Fund's net exposures to the relevant sectors through its long and short securities positions and long and short securities/index derivative positions, as a percentage of its portfolio market value. 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".
5. The table shows the Fund's top ten positions as a percentage of its portfolio market value taking into account its long securities positions and long securities derivative positions.

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