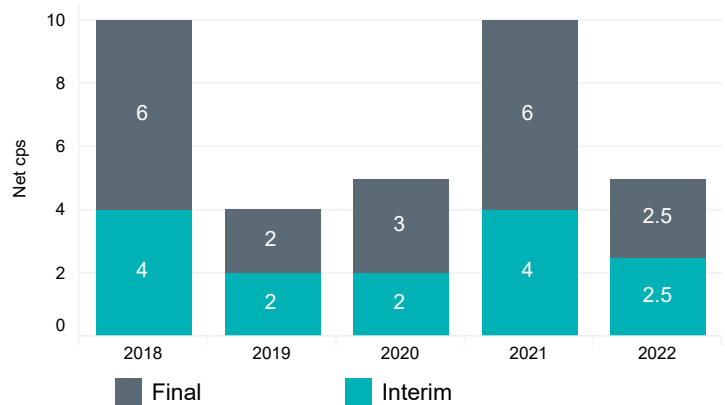


## FACTS<sup>1</sup>

Market capitalisation	\$311.79 mn
Listing date	21 September 2015
Current share price	\$0.845
Current dividend yield	5.92%
Pre-tax NTA	\$0.9964
Post-tax NTA	\$1.0250
Maximum franked dividend	7.99 cps
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\$)). Performance fees are calculated after recovery of any underperformance carried forward from prior periods.

## HISTORY OF FULLY FRANKED DIVIDENDS (CPS)<sup>3</sup>



## PERFORMANCE<sup>2</sup>

	1 month	3 months	6 months	CYTD	1 year	2 years p.a.	3 years p.a.	5 years p.a.	7 years p.a.	Since inception p.a.
<b>Company % (Pre-tax NTA)</b>	17.0	0.4	1.1	(10.8)	(12.7)	(5.7)	4.3	3.5	7.2	7.0
<b>MSCI %</b>	13.4	(0.4)	(1.7)	(12.6)	(13.6)	(5.1)	1.1	2.5	6.6	6.5

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. Past performance is not a reliable indicator of future returns.

## INVESTED POSITIONS<sup>4</sup>

	LONG %	SHORT %	NET %	CCY %
<b>Asia-Pacific</b>	91.4	(1.2)	90.2	92.3
China	48.9		48.9	48.8
Hong Kong	4.2		4.2	5.8
India	8.0	(1.2)	6.8	7.1
Macao	1.8		1.8	1.8
Philippines	2.8		2.8	2.8
Singapore	1.4		1.4	1.6
South Korea	12.0		12.0	12.0
Taiwan	6.0		6.0	6.0
Vietnam	5.7		5.7	5.7
Other Asia-Pacific	0.6		0.6	0.6
<b>North America</b>				7.7
United States of America				7.7
<b>Sub-Total</b>	91.4	(1.2)	90.2	100.0
<b>Cash</b>	8.6	1.2	9.8	
<b>Total</b>	100.0		100.0	100.0

Long - 61 stocks, 1 swap Short - 1 swap, 1 index

## TOP TEN POSITIONS<sup>5</sup>

STOCK	COUNTRY	INDUSTRY	%
Taiwan Semiconductor	Taiwan	Info Technology	5.3
ZTO Express Cayman Inc	China	Industrials	4.9
Samsung Electronics Co	South Korea	Info Technology	4.8
InterGlobe Aviation Ltd	India	Industrials	4.3
Ping An Insurance Group	China	Financials	4.1
Vietnam Ent Investments	Vietnam	Other	4.1
Tencent Holdings Ltd	China	Comm Services	3.9
China Resources Land Ltd	China	Real Estate	3.6
Trip.com Group Ltd	China	Cons Discretionary	3.4
SK Hynix Inc	South Korea	Info Technology	3.0
<b>Total</b>			41.5

## INDUSTRY BREAKDOWN<sup>4</sup>

SECTOR	LONG %	SHORT %	NET %
Consumer Discretionary	19.8		19.8
Information Technology	15.2	(1.2)	14.0
Industrials	13.8		13.8
Real Estate	13.7		13.7
Financials	10.9		10.9
Materials	4.8		4.8
Consumer Staples	4.4		4.4
Communication Services	3.9		3.9
Health Care	0.7		0.7
Energy	0.1		0.1
Other	4.1		4.1
<b>Sub-Total</b>	91.4	(1.2)	90.2
<b>Cash</b>	8.6	1.2	9.8
<b>Total</b>	100.0		100.0

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1. Source: Platinum. The pre-tax NTA was calculated in accordance with Australian Accounting Standards, based on the fair value of all investments. The post-tax NTA is the pre-tax NTA after provision for tax on both realised and unrealised income and gains. The NTA is unaudited.

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\$. 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. Shows dividends paid during the calendar year. This information is historical. No guarantee is given about future dividends or the level of franking of such dividends (if any).

4. The "Long %" is the exposure to long securities and long securities/index derivative positions, the "Short %" is the exposure to short securities and short securities/index derivative positions and the "Net %" is the total of the "Long %" and "Short %", each as a percentage of PAI's portfolio value. The "CCY %" is the effective currency exposure of PAI's portfolio as a percentage of its portfolio value, taking into account long and short securities, cash, forwards and long and short securities/index derivative positions. 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. and 5. Country classifications for securities reflect Bloomberg's "country of risk" designations, and currency classifications for securities reflect the relevant local currencies of the country classifications.

5. 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 Limited ("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

- November's strong performance was driven by Chinese holdings, despite demonstrations.
- Manufacturers are responding by moving production out of China, creating new opportunities.
- Top contributor was ZTO Express, reporting increased market share and pricing power.

November saw an extraordinary burst of performance after a tough 2022 to date. Top contributors to performance were the portfolio's Chinese holdings, including ZTO Express, China Resources Land and Ping An Insurance. Detractors included Vietnamese mobile retailer Mobile World Investment, Indian real estate company Macrotech Developers and Indian information technology company Infosys, which provides business consulting, IT and outsourcing services.

### COVID in China in context

It is notable that November's strong performance occurred despite headlines in the Western press announcing the most serious demonstrations against the Chinese government in decades. Demonstrations and protests in China are commonplace, however, the political tenor of recent demonstrations is notable. We note that every country has struggled to deal with COVID. Demonstrations regarding COVID policy happened virtually everywhere, and finally, all societies came to some "post-COVID" accommodation. We see no reason why China will not, in the end, be similar. For example, [The Associated Press](#) reported in early December that both Beijing and Shenzhen have ended the requirement to show a negative test result to board public transport. We would expect gradual moves toward reopening to continue, albeit at a slower rate and without the support of massive stimulus that characterised the reopening trades of 2020-21 in the West and subsequent market exuberance and surging inflation. China has implemented a widespread program of vaccination against COVID, with locally produced vaccinations appearing to prevent serious illness if a course of three injections is administered (Source: The Economist). Unfortunately, the rollout to the vulnerable population of the over-eighty-year-olds was hampered by initial medical guidance recommending against full vaccination: a drive to achieve full vaccination amid the elderly is currently underway (Source: The Economist).

### The changing face of Chinese manufacturing

The [Wall Street Journal](#) reported in early December that Apple is seeking to move production out of China to the greatest degree possible. This comes after unrest at the factories in China, which produce the bulk of Apple's products, and amid increases in Apple products sourced from China.

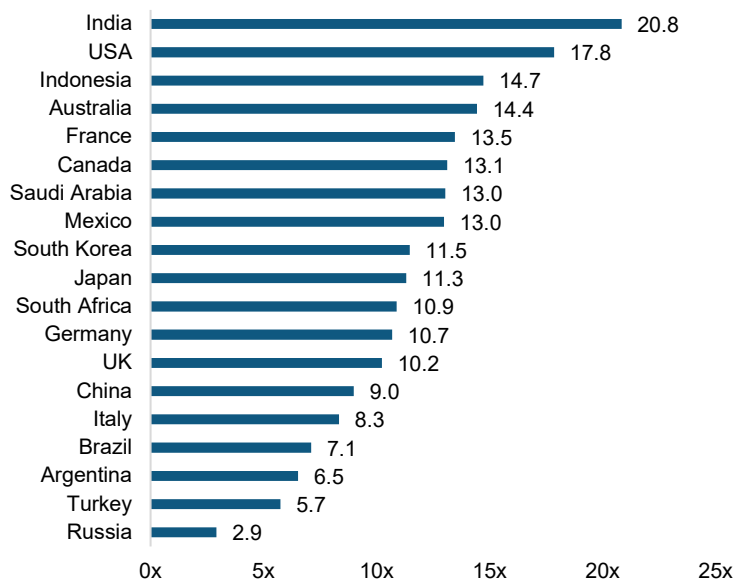
In reality, COVID reinforced China's dominance as the world's leading exporter – trade surpluses exploded in 2020 and 2021 to all-time records in US dollars (Source: World Bank). The effect has been to highlight the trade-off of fragility for efficiency, and we expect manufacturers, like Apple, to respond. Moreover, China is now a middle-income country, with approximately US\$13,000 GDP per person (Source: World Bank). In our view, it is unlikely to maintain any competitive advantage in low-end manufacturing.

These changes create opportunity. For instance, the use of robotics in China, and likely globally, can be expected to expand significantly. At present, there are approximately one million operational robots in manufacturing in China, according to the Ministry of Industry and Information Technology (MIIT). This is expected to grow to three to four million by the end of the decade, according to the [Wall Street Journal](#).

### ZTO Express result

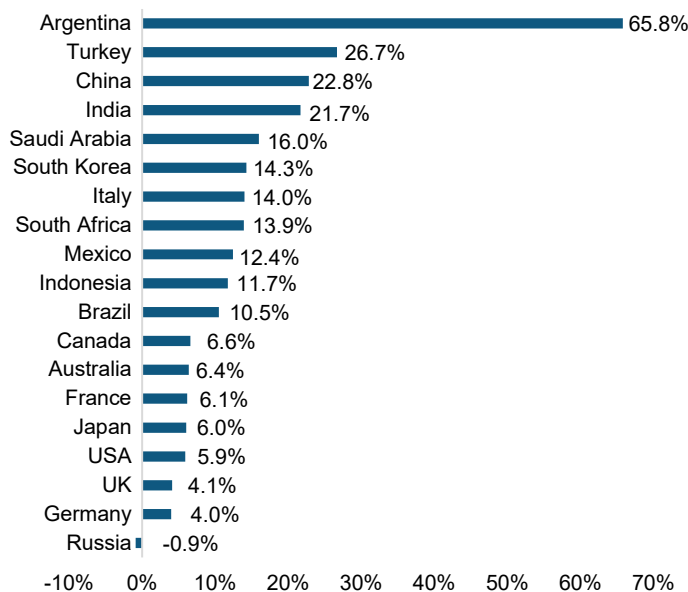
Portfolio holding ZTO Express reported its third-quarter results in late November. ZTO is China's largest package delivery company. Amid what we view as a domestic recession, the numbers were notable. The company is taking market share, posting 12% volume growth in an industry growing at 5%, and now has the power to push price following years of warring on price, with revenue per package up 10% on a year ago, which saw profits up 43% on a year ago (Source: Company filings). The stock was up 48% in US dollars in November (Source: FactSet).

Major market price-earnings ratios - Next 12 months



Source: Chart 1 – IBES consensus, in local currency. Correct as at 5 November 2022.

Earnings per share growth - Next 12 months



Source: Chart 2 – IBES consensus, in local currency. Correct as at 5 November 2022.