

MONTHLY REPORT 31 January 2023

FACTS¹

Market capitalisation	\$356.07 mn
Listing date	21 September 2015
Current share price	\$0.965
Current dividend yield	5.18%
Pre-tax NTA	\$1.0611
Post-tax NTA	\$1.0716
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.

PERFORMANCE²

	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.
Company % (Pre-tax NTA)	4.9	24.3	8.4	4.9	(7.7)	(6.0)	5.7	3.9	9.2	7.7
MSCI %	4.1	16.4	4.1	4.1	(10.3)	(6.9)	1.0	2.3	7.9	6.7

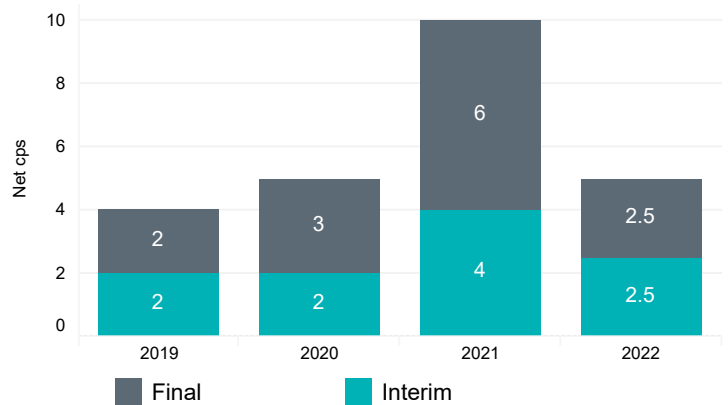
PAI's returns are calculated after the deduction of fees and expenses, adjusted for taxes paid and any capital flows and assume the reinvestment of dividends. PAI's returns have not been calculated using PAI's share price. Past performance is not a reliable indicator of future returns.

INVESTED POSITIONS⁴

	LONG %	SHORT %	NET %	CCY %
Asia-Pacific	92.8	(4.2)	88.6	91.9
China	51.6	(0.3)	51.3	51.3
Hong Kong	3.7		3.7	6.3
India	7.3	(3.9)	3.4	3.6
Macao	1.9		1.9	1.9
Philippines	2.4		2.4	2.4
Singapore	1.2		1.2	1.4
South Korea	11.8		11.8	11.9
Taiwan	5.9		5.9	5.9
Vietnam	5.8		5.8	5.8
Other Asia-Pacific	1.3		1.3	1.4
North America				8.1
United States of America				8.1
Sub-Total	92.8	(4.2)	88.6	100.0
Cash	7.2	4.2	11.4	
Total	100.0		100.0	100.0

Long - 62 stocks, 1 swap Short - 2 swaps, 2 indices

HISTORY OF FULLY FRANKED DIVIDENDS (CPS)³



TOP TEN POSITIONS⁵

STOCK	COUNTRY	INDUSTRY	%
Taiwan Semiconductor	Taiwan	Info Technology	5.2
ZTO Express Cayman Inc	China	Industrials	5.0
Ping An Insurance Group	China	Financials	4.6
Samsung Electronics Co	South Korea	Info Technology	4.5
Tencent Holdings Ltd	China	Comm Services	4.4
Vietnam Ent Investments	Vietnam	Other	4.2
InterGlobe Aviation Ltd	India	Industrials	4.1
China Resources Land Ltd	China	Real Estate	3.4
Alibaba Group Holding Ltd	China	Cons Discretionary	3.3
Trip.com Group Ltd	China	Cons Discretionary	3.2
Total			41.8

INDUSTRY BREAKDOWN⁴

SECTOR	LONG %	SHORT %	NET %
Consumer Discretionary	20.3		20.3
Information Technology	15.1	(1.0)	14.1
Industrials	13.9		13.9
Real Estate	12.8		12.8
Financials	11.8		11.8
Materials	4.9		4.9
Communication Services	4.4		4.4
Consumer Staples	4.5	(0.3)	4.3
Health Care	0.8		0.8
Energy	0.1		0.1
Other	4.2	(3.0)	1.3
Sub-Total	92.8	(4.2)	88.6
Cash	7.2	4.2	11.4
Total	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

- The portfolio returned 4.9% in January, continuing the strong performance seen in the December 2022 quarter.
- Asian equities rose in January, supported by China's reopening and a slowing inflation trend globally.
- Our semiconductor and Chinese internet and technology stocks were the strongest contributors to performance.

Market Commentary

Enthusiasm for China grows as the country reopens

The worry felt in December about possible new COVID variants emerging from China quickly gave way to renewed optimism about the country's reopening and how it could spur economic growth in the region. Several data points from over the Lunar New Year holiday indicate that there is the start of a recovery in consumer spending. Bookings for hotels, guest houses and tickets for tourist spots reached pre-pandemic levels (source: Global Times, 25 January 2023) and LVMH Moët Hennessy Louis Vuitton reported a strong rebound in sales in Macau. We think China's "revenge spend" post-lockdown could be stronger than what was seen in the Western world, especially as there was no consumer boom during China's lockdown (due to the lack of stimulus) but there are excess savings. China's incremental personal savings doubled in 2022 vs. 2021 (source: Financial Times, 24 January 2023).

Semiconductor stocks dominated South Korea and Taiwan market headlines

South Korean semiconductor stocks were strong during January on the back of an increase in foreign buying and an announcement from the government that it would raise the tax break for chip makers' manufacturing facilities from 8% to 15%. Similarly, Taiwan lawmakers passed new rules (the "Chips Act") that let local chip firms turn 25% of their annual research and development expenses into tax credits in an effort to bolster the global competitiveness of its key industry.

Elsewhere in Asia

A short report by Hindenburg Research calling Adani Group "the largest con in corporate history" was published on 24 January and resulted in the seven listed Adani Group entities losing a combined US\$86 billion in January and Credit Suisse announcing that it would stop accepting bonds of Adani Group companies as collateral for margin loans to its private banking clients (source: Bloomberg, 1 February 2023). The portfolio has no holding in Adani Group or its subsidiaries. While India's economic outlook looks positive, and we believe it will be a beneficiary of companies trying to secure supply chains, we think valuations are stretched.

Performance Analysis*

The positive performance continued in January, with the portfolio up 4.9% for the month. The top contributor to January's performance was semiconductor manufacturer and designer Taiwan Semiconductor Manufacturing (TSMC), which rallied 24.5% during the month (source: FactSet) on the back of China's reopening and increased tax credits for Taiwanese chip firms, as mentioned above. Other contributors were the portfolio's Chinese holdings, including internet and technology companies Tencent Holdings and Alibaba Group.

Detractors included Macrotech Developers (Indian real estate developer), Ayala Land (Philippines real estate developer) and Hang Lung Properties (Hong Kong property developer). It is no surprise that in a rising interest rate environment, the share prices of real estate companies perform poorly; however, our view is that this is well known and we still see opportunities in the sector.

Valuation

Given the portfolio's stronger-than-market performance over the last few months, it is no surprise that the portfolio's aggregate earnings yield is slightly lower than the market (see table below). We continue to focus on finding businesses that have better long-term growth prospects than the opportunity set but are at attractive valuations.

Metric	Platinum Asia Investments Limited	MSCI AC Asia Ex Japan Index (A\$)
NTM Earnings Yield	7.0% (Price-to-Earnings ratio of 14.3x)	7.7% (Price-to-Earnings ratio of 13x)
NTM Dividend Yield	2.5%	3.1%
NTM Enterprise Value-to-Sales	1.5x	1.1x
LTM Price-to-Book Ratio	1.6x	1.6x

The valuations in the table have been calculated by Platinum and for the portfolio refer to the long portion of the portfolio, exclude negative net earnings and use FactSet consensus earnings. As at 31 January 2023. NTM = next twelve months. LTM = last twelve months.

*Source: Platinum. Contribution numbers are based on the total return of individual positions (in AUD) and are gross as they do not take into account the portfolio's fees and costs (other than brokerage). **Past performance is not a reliable indicator of future returns.**