

## FACTS<sup>1</sup>

Market capitalisation	\$298.62 mn
Listing date	21 September 2015
Current share price	\$0.805
Current dividend yield	6.21%
Pre-tax NTA	\$0.9804
Post-tax NTA	\$0.9959
Maximum franked dividend	2.96 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.

## 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>	(2.7)	(1.9)	(2.6)	1.7	9.0	(5.2)	(0.5)	4.9	7.4	6.6
<b>MSCI %</b>	(2.3)	(0.3)	(1.0)	4.6	10.5	(6.0)	0.1	2.9	6.1	6.2

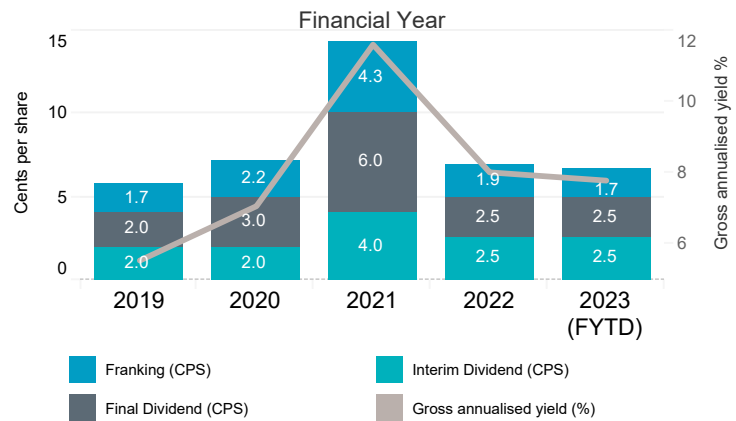
PAI's returns are calculated after the deduction of fees and expenses, adjusted for taxes paid and any capital flows and assume the reinvestment of dividends. PAI's returns have not been calculated using PAI's share price. Past performance is not a reliable indicator of future returns.

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

	LONG %	SHORT %	NET %	CCY %
<b>Asia-Pacific</b>	92.0	(0.9)	91.1	96.1
China	46.8		46.8	46.8
Hong Kong	2.4		2.4	6.7
India	7.2	(0.3)	6.9	7.2
Indonesia	2.5		2.5	2.5
Philippines	2.9		2.9	2.9
Singapore	1.1		1.1	1.3
South Korea	13.3	(0.6)	12.8	12.8
Taiwan	6.0		6.0	6.1
Thailand	1.7		1.7	1.7
Vietnam	7.3		7.3	7.3
Other Asia-Pacific	0.9		0.9	0.9
<b>North America</b>				3.9
United States of America				3.9
<b>Sub-Total</b>	92.0	(0.9)	91.1	100.0
<b>Cash</b>	8.0	0.9	8.9	
<b>Total</b>	100.0		100.0	100.0

Long - 62 stocks, 1 swap Short - 3 swaps, 1 index

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



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

STOCK	COUNTRY	INDUSTRY	%
Taiwan Semiconductor	Taiwan	Info Technology	5.3
Samsung Electronics Co	South Korea	Info Technology	5.2
Vietnam Ent Investments	Vietnam	Other	5.0
ZTO Express Cayman Inc	China	Industrials	4.8
SK Hynix Inc	South Korea	Info Technology	4.3
Ping An Insurance Group	China	Financials	4.3
InterGlobe Aviation Ltd	India	Industrials	4.2
China Resources Land Ltd	China	Real Estate	3.3
Tencent Holdings Ltd	China	Comm Services	3.2
Midea Group Co Ltd	China	Cons Discretionary	3.0
<b>Total</b>			42.6

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

SECTOR	LONG %	SHORT %	NET %
Consumer Discretionary	19.2		19.2
Information Technology	16.2		16.2
Industrials	14.7	(0.2)	14.5
Real Estate	13.3		13.3
Financials	10.4		10.4
Consumer Staples	3.8		3.8
Materials	4.2	(0.4)	3.8
Communication Services	3.5		3.5
Health Care	1.6		1.6
Energy	0.1		0.1
Other	5.0	(0.3)	4.7
<b>Sub-Total</b>	92.0	(0.9)	91.1
<b>Cash</b>	8.0	0.9	8.9
<b>Total</b>	100.0		100.0

Platinum Investment Management Limited ABN 25 063 565 006 AFSL 221935, trading as Platinum Asset Management ("Platinum") is the investment manager of Platinum Asia Investments Limited ("PAI"). 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. Neither PAI nor Platinum, guarantee the performance of PAI, 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 PAI or Platinum as to their accuracy or reliability. To the extent permitted by law, no liability is accepted by PAI or Platinum for any loss or damage as a result of any reliance on this information.

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 determined in respect of the relevant financial year. This information is historical. No guarantee is given about future dividends or the level of franking of such dividends.

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 -2.7% in September and 9.0% for the 12 months ending 30 September 2023.
- Indian real estate developers were the biggest contributors to performance, delivering strong quarterly numbers.
- We are focused on finding businesses that have strong long-term growth prospects with attractive valuations.

### Market Commentary

**The Chinese economy is not the same as its stock market and the stock market is not the same as the companies we hold.**

Despite the Chinese government announcing stimulus policies for the housing sector (i.e. lower minimum down payments and minimum mortgage rates and the ability to refinance), property sector weakness is widely cited as the key risk factor for China's economic outlook (Factset). The World Bank cut its 2024 growth forecast for China from 4.8% to 4.4%.

Having said that, recent economic data releases have been mostly better than expected – including credit, export activity and the official manufacturing PMI. This is allaying some of the bearish narrative (Factset). The IMF said it saw some signs of stabilisation in the Chinese economy and suggested China can still achieve its growth target of around 5% this year. We would classify the sentiment around the Chinese economy as bearish but there are bright pockets in the economy e.g. parcel delivery, advertising revenue, batteries, electric vehicles etc. The market is still 30-45% below its most recent February 2021 peak (depending on A-shares or H-shares, source: FactSet). We continue to look for world-leading companies with strong long-term growth prospects at attractive valuations, and we are finding a lot of these opportunities in China.

### **Regional travel in focus**

China's Ministry of Culture and Tourism is expecting record levels of domestic travel during China's Golden Week Holiday (29 September to 6 October) and this will be a key gauge of consumer appetite. Domestic tourism has had a dramatic rebound since lockdowns finished, exceeding 2019 levels. However international travel has yet to rebound - outbound travel has only recovered to 60% of pre-COVID levels with rising costs seen as a major factor (source: Trip.com).

Thailand commenced a visa-free entry program for Chinese tourists in late September and the Tourism Authority of Thailand reported a 30% surge in accommodation and flight bookings from Chinese nationals since the policy was announced. It believes the number of Chinese arrivals could hit 5m (source: Time).

The portfolio has a holding in Chinese online travel company Trip.com. It has been a beneficiary of the increase in spend for Chinese domestic travellers (air tickets are up ~30% and hotel room rates are up slightly) and should further benefit as outbound travel recovers. There are still lots of constraints around outbound travel in China, flight capacity has yet to be restored and there's a backlog of passport renewals and visas (source: Morgan Stanley). Visa-free entry programs like that in Thailand should accelerate the recovery in outbound tourism but the real recovery will occur when outbound flight capacity is fully restored. This is currently expected by mid-2024. We expect Trip.com earnings can grow ~15% and it is currently trading on a 1 year forward PE of 14.8x.

### Performance Analysis\*

The portfolio returned -2.7% for the month. Top contributors to monthly performance included Indian real estate developer Macrotech Developers, Philippines real estate developer Ayala Land Inc and Chinese diesel engine manufacturer Weichai Power. Detractors included South Korea semiconductor manufacturer SK Hynix, Taiwan Semiconductor and Vietnamese investment company Vietnam Enterprise Investments.

### Valuation

The portfolio's aggregate valuation metrics are attractive in both an absolute sense and relative to the market, with an ~8% higher earnings yield (see table below). Platinum's contrarian investment process means we are focused on finding businesses that we believe have better long-term growth prospects but are oversold or out of favour due to temporary setbacks and therefore have attractive valuations.

Metric	Platinum Asia Investments Limited	MSCI AC Asia Ex Japan Index (A\$)
NTM Earnings Yield	9.0% (Price-to-Earnings ratio of 11.1x)	8.3% (Price-to-Earnings ratio of 12.1x)
NTM Dividend Yield	3.0%	3.3%
NTM Enterprise Value-to-Sales	1.4x	1.4x
LTM Price-to-Book Ratio	1.3x	1.4x

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. MSCI data is sourced from Rimes, FactSet and Platinum. As at 30 September 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.**