

Platinum Asia Fund

(Quoted Managed Hedge Fund) - ASX: PAXX

MONTHLY REPORT 30 June 2022



FACTS

Portfolio value	\$115.56 mn (Post distribution)
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)	\$4.1928 (Post distribution)

PERFORMANCE ¹

	Fund %	MSCI %
1 month	4.6	(0.4)
3 months	3.7	(0.6)
6 months	(7.8)	(11.5)
Calendar year to date	(7.8)	(11.5)
1 year	(14.2)	(18.1)
2 years (compound pa)	4.0	2.4
3 years (compound pa)	7.3	2.8
Since inception (compound pa)	6.8	4.9

INVESTED POSITIONS OF PLATINUM ASIA FUND ³

	LONG %	SHORT %	NET %	CCY %
Asia-Pacific	86.5	(1.0)	85.5	90.1
Australia				0.1
China	48.4		48.4	49.2
Hong Kong	4.3		4.3	7.8
Taiwan	5.2		5.2	5.2
India	9.1	(1.0)	8.1	8.4
Indonesia	0.6		0.6	0.6
Macao	1.5		1.5	1.5
Philippines	1.6		1.6	1.6
Singapore	1.4		1.4	1.5
South Korea	8.4		8.4	8.4
Vietnam	5.8		5.8	5.8
Europe				0.9
United Kingdom				0.9
North America				9.0
United States of America				9.0
Sub-Total	86.5	(1.0)	85.5	100.0
Cash	13.5	1.0	14.5	
Total	100.0		100.0	100.0

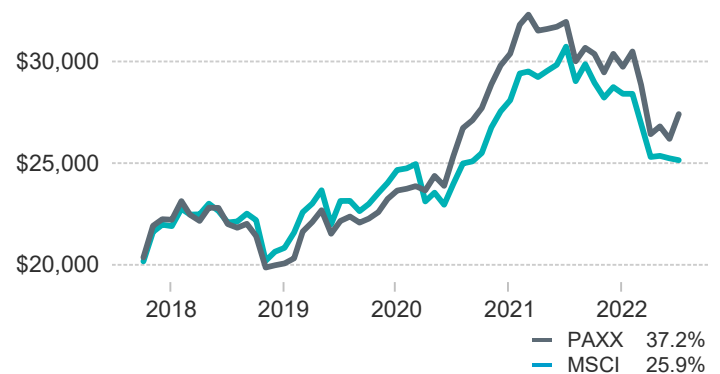
Long - 60 stocks, 1 swap Short - 1 swap, 1 index

FEES

Entry fee	Nil
Buy/sell spread	0.15%/0.15%
(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 GRAPH ²



TOP TEN POSITIONS OF PLATINUM ASIA FUND ⁴

STOCK	COUNTRY	INDUSTRY	%
Taiwan Semiconductor	Taiwan	Info Technology	4.7
ZTO Express Cayman Inc	China	Industrials	4.3
Tencent Holdings Ltd	China	Comm Services	4.1
Vietnam Ent Investments	Vietnam	Other	4.1
Ping An Insurance Group	China	Financials	4.0
Samsung Electronics Co	South Korea	Info Technology	3.8
Alibaba Group Holding Ltd	China	Cons Discretionary	3.5
InterGlobe Aviation Ltd	India	Industrials	3.5
China Resources Land Ltd	China	Real Estate	3.3
Trip.com Group Ltd	China	Cons Discretionary	2.8
Total			38.1

INDUSTRY BREAKDOWN OF PLATINUM ASIA FUND ³

SECTOR	LONG %	SHORT %	NET %
Consumer Discretionary	20.4		20.4
Information Technology	14.6	(1.0)	13.6
Real Estate	13.0		13.0
Industrials	12.2		12.2
Financials	10.2		10.2
Communication Services	4.1		4.1
Consumer Staples	3.8		3.8
Materials	3.3		3.3
Health Care	0.8		0.8
Energy	0.1		0.1
Other	4.1		4.1

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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) for C Class and P Class (as indicated), and represent the combined income and capital returns for each of these unit classes in the specified period. All returns are pre-tax, net of fees and costs and assume the reinvestment of distributions. Returns for P Class are net of any accrued investment performance fee. The returns are calculated relative to the MSCI All Country Asia ex-Japan Net Index in A\$. Since inception date for C Class is 04/03/03 and for P Class is 03/07/17. Since inception date of C Class has been used for the purposes of calculating since inception returns of the index. The investment returns depicted in the graph are cumulative on A\$20,000 invested in C Class units in the Fund since the C Class inception date. **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 "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 exposure to long and short securities and long and short securities/index derivative positions, 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. 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".

3. and 4. Country classifications for securities reflect Bloomberg's "country of risk" designations, and currency classifications for securities reflect the relevant local currencies of our country classifications.

4. The "Top ten positions" show the Fund's top ten long securities positions as a percentage of the market value of the Fund's portfolio (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>

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MARKET UPDATE AND COMMENTARY

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

- Strong performance by China.
- Chinese property developers are a case study.
- Updates on India and South Korea.

Performance in June was pleasing for the Fund, driven by our Chinese holdings. The Shanghai Composite has performed well in recent months relative to large regional peers India (Nifty) and Korea (KOSPI), as shown in the accompanying chart. Drivers of performance for the month were Chinese travel companies Trip.com and Huazhou, tech/consumer discretionary names Alibaba and JD.com, Ping An Insurance, and property developer China Resources Land. Among our larger detractors for the month were our semiconductor holdings Samsung Electronics, SK Hynix and Taiwan Semiconductor Manufacturing.

Chinese property developers contribute strongly

The performance of our Chinese property developer holdings over the past year has been pleasing: China Resources Land is up approximately 23% in Australian dollars (AUD); and China Overseas Land & Investment is up approximately 42% in AUD (Source: FactSet). These are emblematic of our approach, particularly in China. These are large companies, with long track records of earnings growth, sound balance sheets, operating in an industry that is essential for ongoing Chinese development, and they are advantaged by official pressure on smaller and highly geared competitors, in our estimation.

Property development presents a case study in what our peers call “political risk” in China. A highly interventionist and methodical state regularly announces areas of concern: corruption, pollution, excessive speculation or gearing and so on, and then action follows. This gives investors time to analyse and decide a course of action. In the case of property developers, we decided that the larger and well-capitalised developers presented excellent opportunities. We can still make mistakes of course, but this is a fault of analysis, not “political risk”.

India

Indian equities have come under pressure in recent months as energy prices bite and inflation has remained above the Reserve Bank of India's upper threshold of 6% p.a. since February, with a last available reading of 7% in May (Source: Bloomberg). At the same time, unemployment has remained stubbornly high (7.7% in June), but the situation is more serious than this suggests, with a participation rate of just 40% of working age Indians, and only 9% of women, in the labour market, according to the Centre for Monitoring the Indian Economy (Source: Bloomberg, *The Economist*).

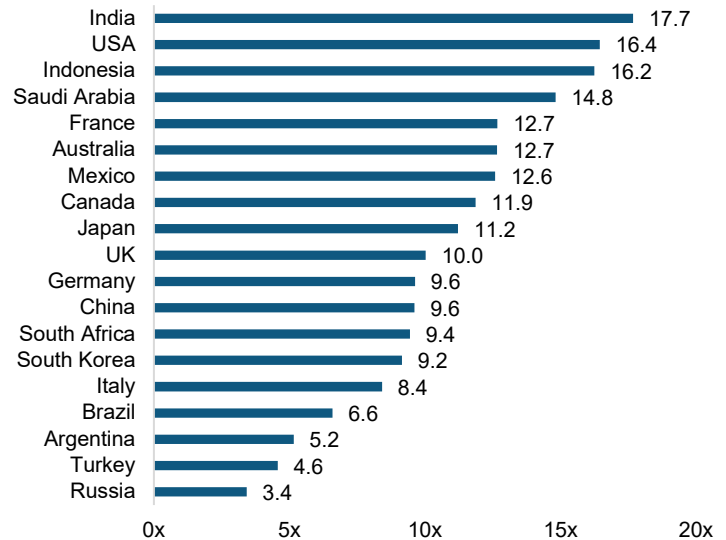
In response to high energy prices, at the end of June, the Modi Government announced an increase in diesel and gasoline export duties, along with a windfall tax on domestic oil production and a reserving policy for the domestic market. This is unlikely to solve India's long-term reliance on imported energy and vulnerability to high oil prices, in our view.

In all, India remains an expensive equity market, and very much the emerging market that global investors can hold in preference to China. Earnings growth is rapid, but it is hardly an economy without challenges – hence our relatively modest holdings (see accompanying charts and portfolio data).

South Korea

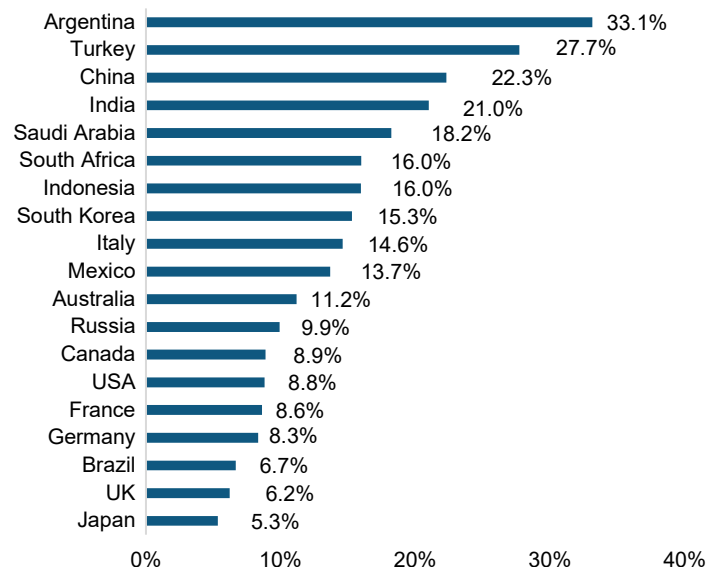
Following a decade of the slowest GDP growth in the country's history, South Korea enjoyed GDP growth of 4% in 2021, its highest reading since 2010 (Source: World Bank). Now, however, the country faces inflation of 6% in June and has recorded 15 straight months of inflation above the Bank of Korea's target of 2%, contributing to significant pressure for Korean equities (Source: CNBC). Korea has a challenging domestic economy, competing with the North Asian giants, but in our view the country produces some fine businesses: our holdings in Korea are limited to chip makers Samsung Electronics and SK Hynix, plus petrochemicals and battery material company LG Chem.

Major market price-earnings ratios - Next 12 months



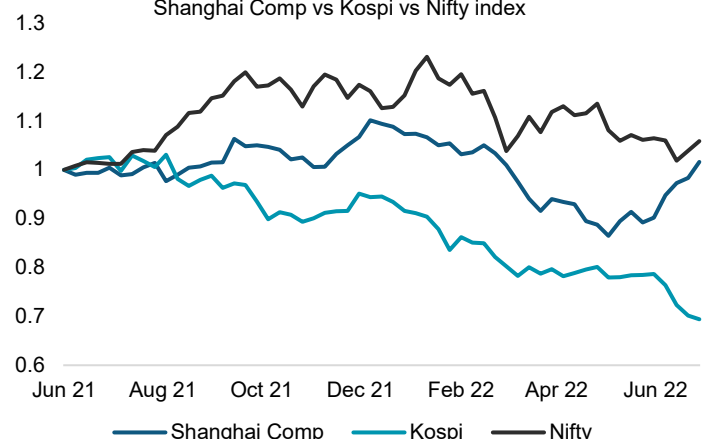
Source: Chart 1 – IBES consensus, in local currency. Correct as at 5 July 2022.

Earnings per share growth - Next 12 months



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

Shanghai Comp vs Kospi vs Nifty index



Source: Chart 3 – FactSet from 6/6/2021 to 3/7/2022