

# Platinum Asia Fund

(Quoted Managed Hedge Fund) - ASX: PAXX



MONTHLY REPORT 30 September 2022

## FACTS

Portfolio value	\$100.44 mn
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)	\$3.8277

## PERFORMANCE <sup>1</sup>

	Fund %	MSCI %
1 month	(5.4)	(7.0)
3 months	(8.7)	(7.8)
6 months	(5.3)	(8.4)
Calendar year to date	(15.8)	(18.4)
1 year	(17.6)	(20.0)
2 years (compound pa)	(5.0)	(4.7)
3 years (compound pa)	4.0	0.3
5 years (compound pa)	4.2	2.8
Since inception (compound pa)	4.6	3.0

## INVESTED POSITIONS OF PLATINUM ASIA FUND <sup>3</sup>

	LONG %	SHORT %	NET %	CCY %
<b>Asia-Pacific</b>	92.2	(1.1)	91.1	97.3
Australia				1.9
China	49.5		49.5	50.4
Hong Kong	4.4		4.4	7.3
Taiwan	5.3		5.3	5.4
India	10.4	(1.1)	9.3	9.5
Indonesia	0.7		0.7	0.7
Macao	1.9		1.9	1.9
Philippines	2.0		2.0	2.0
Singapore	1.7		1.7	1.9
South Korea	10.0		10.0	10.0
Vietnam	6.4		6.4	6.4
<b>Europe</b>				1.1
United Kingdom				1.1
<b>North America</b>				1.6
United States of America				1.6
<b>Sub-Total</b>	92.2	(1.1)	91.1	100.0
<b>Cash</b>	7.8	1.1	8.9	
<b>Total</b>	100.0		100.0	100.0

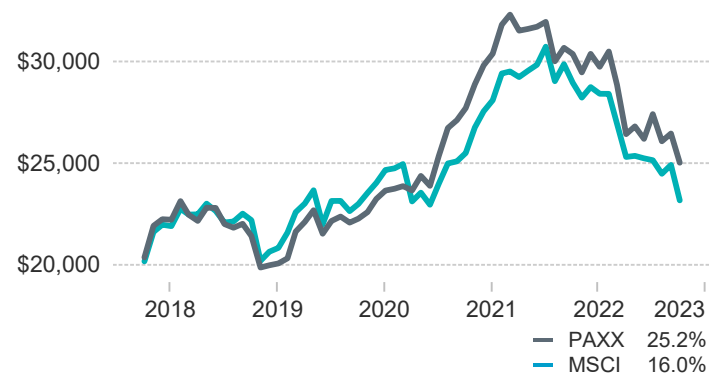
Long - 65 stocks, 1 swap Short - 1 swap, 1 index

## 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 <sup>2</sup>



## TOP TEN POSITIONS OF PLATINUM ASIA FUND <sup>4</sup>

STOCK	COUNTRY	INDUSTRY	%
InterGlobe Aviation Ltd	India	Industrials	4.8
Taiwan Semiconductor	Taiwan	Info Technology	4.8
ZTO Express Cayman Inc	China	Industrials	4.8
Vietnam Ent Investments	Vietnam	Other	4.3
Samsung Electronics Co	South Korea	Info Technology	4.0
Ping An Insurance Group	China	Financials	4.0
Tencent Holdings Ltd	China	Comm Services	3.8
China Resources Land Ltd	China	Real Estate	3.5
Trip.com Group Ltd	China	Cons Discretionary	3.4
Alibaba Group Holding Ltd	China	Cons Discretionary	3.0
<b>Total</b>			<b>40.4</b>

## INDUSTRY BREAKDOWN OF PLATINUM ASIA FUND <sup>3</sup>

SECTOR	LONG %	SHORT %	NET %
Consumer Discretionary	21.7		21.7
Industrials	13.6		13.6
Information Technology	14.6	(1.1)	13.5
Real Estate	13.5		13.5
Financials	11.5		11.5
Consumer Staples	4.3		4.3
Communication Services	3.8		3.8
Materials	3.7		3.7
Health Care	1.0		1.0
Energy	0.1		0.1
Other	4.3		4.3

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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.

- Amid tough markets, Chinese property stocks performed well in September.
- The Chinese economy is sluggish – it is not collapsing.

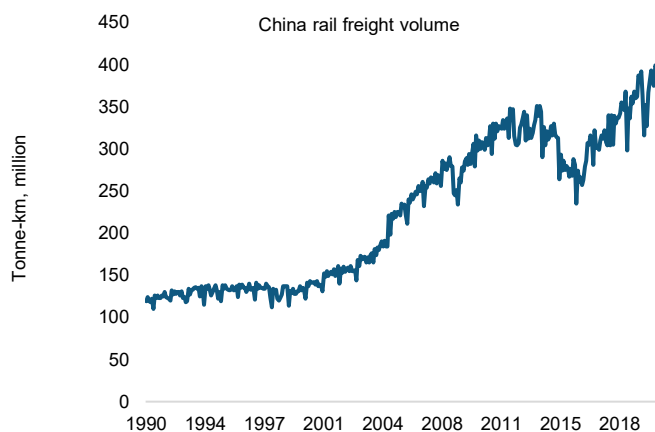
September was a difficult month in terms of performance in Asia. We think this is the product of yet further risk aversion, with emerging markets selling off almost in unison across Asia and emerging markets in general – see chart 1. It will surprise many that, in a very tough market, four of our top ten stocks for the month were Chinese property developers: Hang Lung, China Vanke, China Overseas Land & Investment and China Resources Land all made strong contributions in September. Detractors for the month included many of the region's largest, most liquid and well-known names: Taiwan Semiconductor Manufacturing, Tencent, Samsung Electronics, JD.com, SK Hynix and Alibaba were all among our largest detractors for the month.

In Chinese equities, the discount between Hong Kong-listed Chinese stocks (H-shares) and Chinese-listed stocks (A-shares) at the end of September was close to a decadal high, as per data from Bloomberg. The significance of this is that global investors can short in Hong Kong, and tend to own Chinese shares via Hong Kong where they wish to have Chinese exposure, such that when the H-share discount expands it is a reasonable indicator that global sentiment toward China is worse than that of domestic Chinese investors, in our view.

We have written at length previously about the situation in China's housing market. In short, there is a controlled process of instilling credit risk into a system that was viewed by many as a guaranteed market. This is painful. It is also necessary. Further, it advantages the large and well-capitalised property developers, in our view. More broadly, there is no indication to us that the Chinese economy is in crisis: power demand is growing, rail freight volumes are growing, and consumer spending has been crimped by lockdowns and the property slowdown, which is sluggish at worst: please see accompanying charts.

China, and Asia by extension, is cheap, is disliked by investors, and the reality, in our view, is far less alarming than many in the West believe. We cannot know when, but we can be reasonably assured that China will reach some accommodation with regards to COVID-19, and that it will continue to deal with its issues in the property sector, just as it did with over investment in industrial capacity and its shadow banking issues previously.

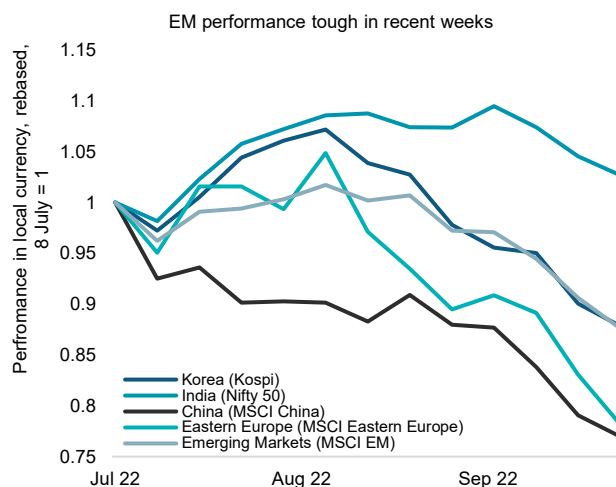
For more details on our portfolio positioning, see the latest Quarterly Report to be released on 20 October 2022.



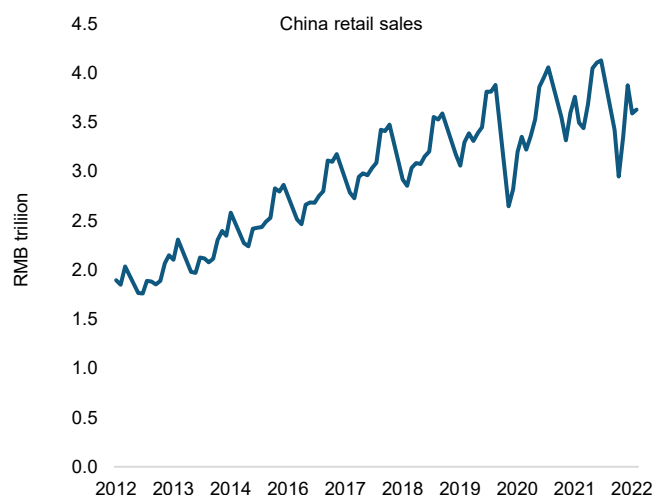
Source: Chart 4 – Chinese rail freight volume. FactSet



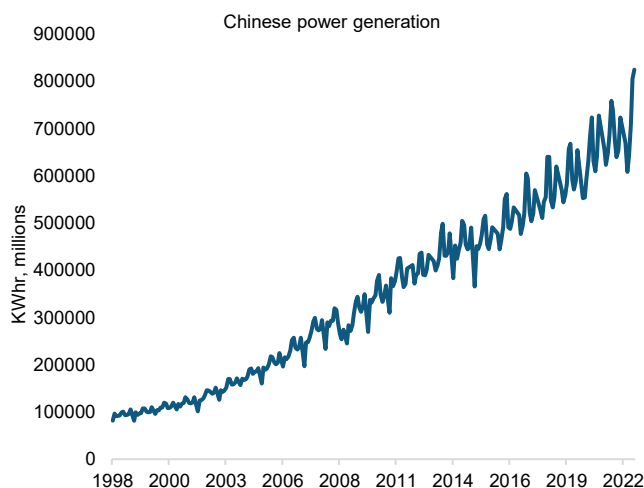
Source: Chart 5 – IBES consensus, in local currency. Correct as at 7 October 2022.



Source: Chart 1 – Index returns closing prices, 8 July 22 to 30 Sep 22. FactSet.



Source: Chart 2 – China retail sales. FactSet



Source: Chart 3 – Chinese power generation in Kwhr, millions. FactSet.