

Platinum Asia Fund

(Quoted Managed Hedge Fund) - ASX: PAXX



MONTHLY REPORT 31 January 2023

FACTS

Portfolio value	\$110.55 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)	\$4.3587

PERFORMANCE ¹

	Fund %	MSCI %
1 month	5.2	4.1
3 months	25.9	16.4
6 months	9.3	4.1
Calendar year to date	5.2	4.1
1 year	(6.5)	(10.3)
2 years (compound pa)	(5.3)	(6.9)
3 years (compound pa)	6.3	1.0
5 years (compound pa)	4.3	2.3
Since inception (compound pa)	6.8	4.6

INVESTED POSITIONS OF PLATINUM ASIA FUND ³

	LONG %	SHORT %	NET %	CCY %
Asia-Pacific	94.4	(4.4)	90.1	94.6
Australia				0.3
China	52.5	(0.3)	52.3	53.4
Hong Kong	3.8		3.8	6.1
Taiwan	5.9		5.9	5.9
India	7.3	(4.1)	3.2	3.4
Indonesia	0.7		0.7	0.6
Macao	1.9		1.9	1.9
Philippines	2.5		2.5	2.5
Singapore	1.2		1.2	1.7
South Korea	12.1		12.1	12.2
Thailand	0.7		0.7	0.7
Vietnam	5.9		5.9	5.9
Europe				0.1
United Kingdom				0.1
North America				5.3
United States of America				5.3
Sub-Total	94.4	(4.4)	90.1	100.0
Cash	5.6	4.4	9.9	
Total	100.0		100.0	100.0

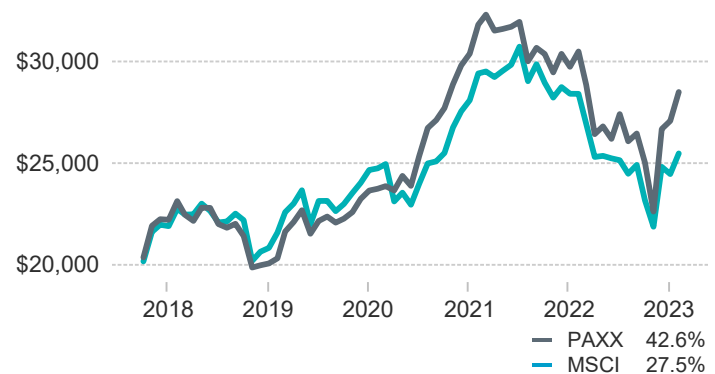
Long - 63 stocks, 1 swap Short - 2 swaps, 2 indices

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	5.3
ZTO Express Cayman Inc	China	Industrials	4.9
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	3.2
Trip.com Group Ltd	China	Cons Discretionary	3.1
Total			41.8

INDUSTRY BREAKDOWN OF PLATINUM ASIA FUND ³

SECTOR	LONG %	SHORT %	NET %
Consumer Discretionary	20.4		20.4
Information Technology	15.4	(1.1)	14.3
Industrials	14.1		14.1
Real Estate	13.2		13.2
Financials	11.9		11.9
Materials	5.2		5.2
Consumer Staples	4.7	(0.3)	4.4
Communication Services	4.4		4.4
Health Care	1.0		1.0
Energy	0.1		0.1
Other	4.2	(3.0)	1.3

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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.

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.

- The Fund returned 5.3% 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 Fund's 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 Fund 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 Fund up 5.3% 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 Fund'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 Fund'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 Fund	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 13.0x)
NTM Dividend Yield	2.5%	3.1%
NTM Enterprise Value-to-Sales	1.4x	1.1x
LTM Price-to-Book Ratio	1.6x	1.6x

The valuations in the table have been calculated by Platinum and for the Fund 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 Fund's fees and costs (other than brokerage). **Past performance is not a reliable indicator of future returns.**