

Platinum Asia Fund

(Quoted Managed Hedge Fund) - ASX: PAXX

MONTHLY REPORT 31 October 2023



FACTS

Portfolio value	\$94.34 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)	\$4.0499

PERFORMANCE ¹

	Fund %	MSCI %
1 month	(2.3)	(2.0)
3 months	(8.7)	(6.8)
6 months	(4.0)	(2.2)
Calendar year to date	(0.8)	2.5
1 year	18.8	14.7
2 years (compound pa)	(4.5)	(5.7)
3 years (compound pa)	(2.4)	(2.1)
5 years (compound pa)	6.2	4.4
Since inception (compound pa)	4.9	3.8

INVESTED POSITIONS OF PLATINUM ASIA FUND ³

	LONG %	SHORT %	NET %	CCY %
Asia-Pacific	93.8	(1.0)	92.8	94.9
China	48.0		48.0	48.9
Hong Kong	2.6		2.6	3.1
Taiwan	6.3	(0.3)	6.1	6.1
India	6.9	(0.3)	6.6	7.0
Indonesia	2.6		2.6	2.6
Philippines	2.8		2.8	2.8
Singapore	1.1		1.1	1.1
South Korea	14.0	(0.5)	13.6	13.6
Thailand	1.7		1.7	1.7
Vietnam	6.7		6.7	6.7
Other Asia-Pacific	0.9		0.9	1.2
North America				5.1
United States of America				5.1
Sub-Total	93.8	(1.0)	92.8	100.0
Cash	6.2	1.0	7.2	
Total	100.0		100.0	100.0

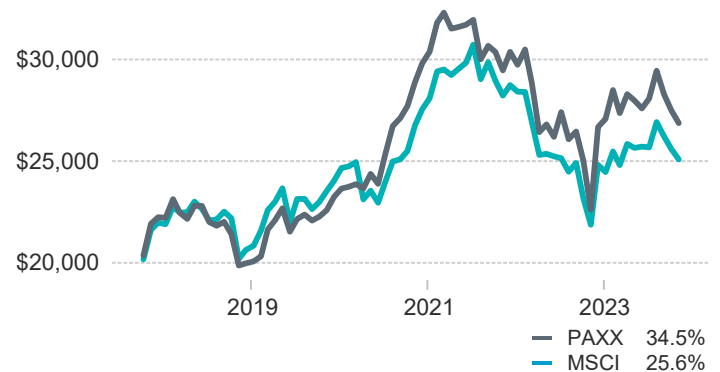
Long - 63 stocks, 1 swap Short - 4 swaps, 1 index

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	5.6
Samsung Electronics Co	South Korea	Info Technology	5.4
ZTO Express Cayman Inc	China	Industrials	5.0
Vietnam Ent Investments	Vietnam	Other	4.7
SK Hynix Inc	South Korea	Info Technology	4.6
Ping An Insurance Group	China	Financials	4.2
InterGlobe Aviation Ltd	India	Industrials	4.1
China Resources Land Ltd	China	Real Estate	3.4
Weichai Power Co Ltd	China	Industrials	3.2
Tencent Holdings Ltd	China	Comm Services	3.2
Total			43.4

INDUSTRY BREAKDOWN OF PLATINUM ASIA FUND ³

SECTOR	LONG %	SHORT %	NET %
Consumer Discretionary	19.6		19.6
Information Technology	17.0	(0.3)	16.7
Industrials	15.1	(0.2)	15.0
Real Estate	13.1		13.1
Financials	10.6		10.6
Consumer Staples	4.3		4.3
Materials	4.2	(0.3)	3.9
Communication Services	3.4		3.4
Health Care	1.7		1.7
Energy	0.1		0.1
Other	4.7	(0.3)	4.4

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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).

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MARKET UPDATE AND COMMENTARY

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

- The Fund returned -2.3% in October. Over the year to 31 October 2023 the Fund is up over 18%.
- Consumer staples and industrials were the largest positive contributors to performance over the past month.

Market Commentary

Asian equity markets fell for the third month in a row in October with that fall driven by a range of forces: bond market volatility, geopolitical tensions in the Middle East and weakening sentiment around emerging markets as result of the US dollar's rise against regional currencies.

Beijing announced several measures to support equity markets. These included a sovereign wealth fund buying program aimed at domestic ETFs. Beijing also increased its stake in the big four state-owned banks and eased the limits on foreign stakes in joint ventures. Authorities also approved additional sovereign bond issuance to help pay for regional flood damage.

China's economic data was mixed with activity data from September reporting an uptick but the October PMI (Purchasing Managers Index) indicating a slowdown. While a stronger economic backdrop is helpful for equity returns, given our concentrated, high-conviction portfolio, we only hold stocks we think will offer strong returns over the medium term at reasonable prices. We're hopeful that we're seeing the first signs of China's property stimulus taking effect. The pace of the decline in new home sales slowed in October and the China Index Academy showed average new home prices in 100 cities rose 0.07% month on month in October. Our contrarian investment approach led us to invest in the Chinese property market as it was selling off. While the negative headlines have continued we only invest in companies we believe are well run, have strong balance sheets and should come out of this recession stronger.

In an interesting development, the in-favour Indian market experienced a surge in outflows in October driven by weaker than expected earnings by IT companies, downbeat commentary from some Indian banks and rising oil prices (Source: FT 31 October 2023). India imports more than 80% of its oil, making it vulnerable to crude prices which have climbed ~5% since Hamas' attack on Israel. Given their high starting valuations, the Fund has had limited exposure to Indian equities.

Performance Analysis*

The Fund returned -2.3% for the month. Top contributors to monthly performance included Chinese diesel engine manufacturer Weichai Power, India's largest low-cost airline InterGlobe Aviation and a short position in a South Korean materials company. Detractors included Vietnamese investment company Vietnam Enterprise Investments, Vietnam retailer Mobile World Investment Corporation and Chinese online retailer JD.com.

Valuation

Relative to the market, the Fund's earnings yield remain attractive – up approximately 12% - and with a Price-to-Book ratio at an 8% discount (see table below). Platinum's contrarian investment process means we are focused on finding businesses that 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 Fund	MSCI AC Asia ex-Japan Net Index (A\$)
NTM Earnings Yield	9.6% (Price-to-Earnings ratio of 10.4x)	8.6% (Price-to-Earnings ratio of 11.6x)
NTM Dividend Yield	3.2%	3.4%
NTM Enterprise Value-to-Sales	1.3x	1.3x
LTM Price-to-Book Ratio	1.2x	1.3x

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