Platinum Asia Fund
(Quoted Managed Hedge Fund) - ASX: PAXX

MONTHLY REPORT **31 January 2024**

FACTS

Portfolio value	$86.34 mn
Fund commenced	12 September 2017
Fund launch	14 September 2017
Income distribution date	Annual, 30 June
Unit valuation	Sydney Business Day
Net asset value ($ per unit)	$3.9319

FEES

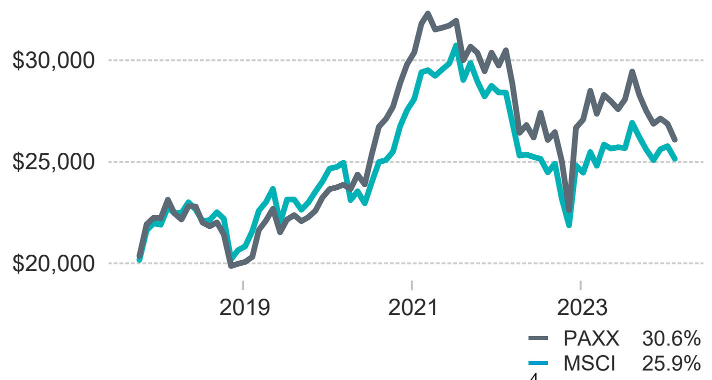
Entry fee	Nil
Buy/sell spread	0.15%/0.15%
(Platinum Asia Fund)	Investment management 1.10% p.a.
	Investment performance 15.00% p.a.*

* of the amount by which the Fund's return exceeds its index return

PERFORMANCE [1]

	Fund %	MSCI %
1 month	(2.9)	(2.4)
3 months	(2.9)	0.3
6 months	(11.4)	(6.6)
Calendar year to date	(2.9)	(2.4)
1 year	(8.4)	(1.3)
2 years (compound pa)	(7.5)	(5.9)
3 years (compound pa)	(6.4)	(5.1)
5 years (compound pa)	5.1	3.1
Since inception (compound pa)	4.3	3.7

PERFORMANCE GRAPH [2]



INVESTED POSITIONS OF PLATINUM ASIA FUND [3]

	LONG %	SHORT %	NET %	CCY %
Asia-Pacific	96.8	(0.3)	96.5	96.6
China	44.0		44.0	44.0
Hong Kong	2.2		2.2	1.4
Taiwan	7.9		7.9	7.9
India	7.5		7.5	7.8
Indonesia	4.3		4.3	4.3
Philippines	3.4		3.4	3.4
Singapore	0.7		0.7	1.1
South Korea	16.1	(0.3)	15.8	15.9
Thailand	1.9		1.9	1.9
Vietnam	7.9		7.9	7.9
Other Asia-Pacific	0.8		0.8	1.0
North America				3.3
United States of America				3.3
Sub-Total	96.8	(0.3)	96.5	100.0
Cash	3.2	0.3	3.5	
Total	100.0		100.0	100.0

Long - 64 stocks, 1 swap Short - 2 swaps

TOP TEN POSITIONS OF PLATINUM ASIA FUND [4]

STOCK	COUNTRY	INDUSTRY	%
Taiwan Semiconductor	Taiwan	Info Technology	7.0
Samsung Electronics Co	South Korea	Info Technology	6.0
Vietnam Ent Investments	Vietnam	Other	5.6
SK Hynix Inc	South Korea	Info Technology	5.6
InterGlobe Aviation Ltd	India	Industrials	4.8
ZTO Express Cayman Inc	China	Industrials	3.7
Tencent Holdings Ltd	China	Comm Services	3.4
Ayala Land Inc	Philippines	Real Estate	3.3
Weichai Power Co Ltd	China	Industrials	3.0
JD.com Inc	China	Cons Discretionary	3.0
		Total	45.4

INDUSTRY BREAKDOWN OF PLATINUM ASIA FUND [3]

SECTOR	LONG %	SHORT %	NET %
Consumer Discretionary	20.4		20.4
Information Technology	19.7		19.7
Industrials	15.2		15.2
Real Estate	13.4		13.4
Financials	9.2		9.2
Materials	4.2	(0.3)	3.9
Consumer Staples	3.8		3.8
Communication Services	3.5		3.5
Health Care	1.7		1.7
Energy	0.1		0.1
Other	5.6		5.6

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 Platinum Asia Fund returned -3.0% for January 2024 and -8.8% for the rolling 12 months.
- The underperformance was driven by our ~48% weighting to Chinese stocks.
- Sentiment towards China is exceptionally negative and this is reflected in valuations which are back to GFC lows. We believe any good news could see a major bounce in the Chinese market and especially in our holdings.

January 2024 Performance Analysis*

The Platinum Asia Fund ("PAF") returned -3.0% for the month of January 2024 compared to the index of -2.4%. PAF is fully invested with a long book of 95.8%, cash of 4.2% and a short book of only 0.5%.

Our Chinese holdings (a 44.1% average weight during the month and detracting 2.9%) were the main detractors to performance, specifically our real estate holdings (detracting 0.7%) which were hurt by a renewed lack of confidence in the Chinese property sector now that Evergrande is going through liquidation. This isn't new news, the company's financial problems were made public in the second half of 2021 and in fact, it is a great example of the Chinese government allowing a bad operator to fail rather than make taxpayers bail it out. Platinum did not hold Evergrande.

Analysts estimate that the property market accounts for ~20% of China's GDP and ~70% of household assets so the sector has a major impact on the economy and consumer confidence. This also means that the sector is important enough to support and stimulate which the government has started doing. In the second half of 2023, the government launched dozens of measures designed to increase demand for housing including: 1) providing funding to complete projects; 2) backing away from price caps; 3) lowering deposit requirements and interest rates for second and third homes; and 4) allowing refinancing. It's also important to note that the Chinese government didn't issue a "JobKeeper" style stimulus package during COVID and is not facing an inflationary problem like the Western world so the "powder is dry" for further stimulus measures. Our real estate holdings are quality players with little to no debt. We believe that it will be these companies that emerge stronger from the real estate rout.

On the positive side, Taiwanese and Vietnamese holdings contributed +0.4% each to monthly performance. This return was driven by Taiwan Semiconductor Manufacturing Company and Vietnam Enterprise Investments Limited.

Rolling One Year Performance Analysis*

The Fund's performance for the 12 months ended 31 January 2024 was -8.8%. Chinese consumer and real estate stocks were the main driver of the poor performance as the malaise in the real estate sector flowed through to consumer confidence.

When faced with a prolonged weak stock market like China has experienced, we are often asked if we should stay invested. It is crucial to note that we don't allocate funds to China, rather we look for businesses with strong long-term growth prospects at compelling valuations and we are finding plenty of these opportunities in China. Market sentiment is incredibly negative and this is reflected in valuations which are at decade lows. The Hang Seng Index's price to earnings ratio is now below the Nasdaq's price to book ratio, usually these two ratios are nowhere near each other. We believe these low starting valuations mean any good news could see a major bounce in the Chinese market and especially in the high quality Chinese stocks we own. As contrarian investors, we look to invest in companies the rest of the market is dismissing as "uninvestable", while uncomfortable, it is often the best time to buy. The last time the Chinese market was "uninvestable" was in September 2015. The Chinese market was down 23% in the quarter and there were worries over the Chinese economy. We wrote, "investors are choosing to label the whole Chinese market as "uninvestable". This is giving us a lot of opportunity to pick our spots and buy companies at low valuations that can still grow going forward." Over the next two years, Chinese stocks added more than 18% to Platinum Asia Fund numbers.

The other common question we are asked is why we don't have greater exposure to India. We had a 7.4% average weight to Indian stocks for the last 12 months and these contributed 3.8% to 12 month performance. The Indian market has done extremely well and the economy is seen as a "China 2.0" with a well-educated population and burgeoning middle class. However, these tailwinds are well known to investors and reflected in valuations, it is one of the most expensive markets in the G20.

It is hard to go past opportunities in other parts of Asia (e.g. Indonesia is trading on half the PE for similar levels of earnings growth) in favour of India where valuations and expectations are high. We go back to Platinum's investment philosophy and style – the best long-term returns are found by investing in those areas that are overlooked and unloved by the rest of the market. We don't think that describes many companies in India.

*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.**