Platinum ASSET MANAGEMENT

Platinum Asia Fund

(Quoted Managed Hedge Fund)®

(ARSN 620 895 427 | ASX Code: PAXX)

Quarterly Investment Manager's Report

31 March 2021

Platinum ASIA FUND (QUOTED MANAGED HEDGE FUND)

Investment Update

Platinum Asia Fund (Quoted Managed Hedge Fund) (PAXX)

Andrew Clifford
Portfolio Manager*

In Brief:

- Taiwan Semiconductor Manufacturing (+11%) and SK Hynix (+12%) were among the largest contributors to the Fund's performance over the quarter, as the semiconductor cycle goes from buoyant to extremely tight globally.
- Chinese travel stocks Huazhu Group (+22%) and Trip.com (+17%) were also major contributors, benefiting from strength in China's services sector late in its reopening from COVID-19 restrictions.
- While we were reducing our net exposure during the quarter, we did add notably to Chinese property developers. We see significant potential for consolidation, with higher-quality operators with stronger balance sheets poised to benefit. We reduced exposure to India on concerns regarding the escalation in COVID-19 cases.
- Despite the pause in the performance of Asian markets in March, we do not see this as a turning point – the "value rotation" is far from over. We believe the drivers of economic recovery are durable – namely the post-pandemic reopening, renewed investment in global supply lines and strong fiscal support.
- Markets are not positioned for ongoing global growth in our view, and we think global growth will prove persistent. This is a very positive setup for growth-exposed Asian equities.

Performance

(compound p.a.⁺ to to 31 March 2021)

	QUARTER	1 YR	2 YRS	3 YRS	SINCE INCEPTION
PAXX*	3.7%	33.1%	19.4%	12.4%	13.7%
MSCI AC Asia ex J Index^	4.0%	26.4%	12.7%	9.1%	11.3%

⁺ Excluding quarterly returns.

* PAXX's returns are net of accrued fees and costs, are before tax, and assume the reinvestment of distributions.
Inception date: 12 September 2017.
^ Index returns are those of the MSCI All Country Asia ex Japan Net Index in AUD. Source: Platinum Investment Management Limited, FactSet Research Systems.
Historical performance is not a reliable indicator of future performance.
See note 1, page 11.

* Effective from 1 April 2021, Cameron Robertson will join Andrew Clifford as co-manager for the Fund. Cameron joined Platinum in 2010, initially focusing on resources and industrial companies, and later on the technology and communications sectors. Cameron was previously co-manager for the Platinum International Technology Fund (2017-2021).

The Platinum Asia Fund (Quoted Managed Hedge Fund) (ASX code: PAXX) is a feeder fund that primarily invests into Platinum's flagship Asian equity fund, the Platinum Asia Fund ("PAF"), which was established on 3 March 2003.

The following is the 31 March 2021 Quarterly Investment Manager's Report prepared for PAF by its Portfolio Manager. Please note that in this report, the "Fund" refers to PAF and portfolio details, such as portfolio disposition, top 10 holdings and currency exposure, pertain to PAF's portfolio. Please be aware that PAXX and PAF (C Class - standard fee option) have different fee structures and therefore different returns. PAXX's returns may also vary from PAF's performance fee class (P Class) returns due to different cash holdings as well as gains and losses arising as a result of PAXX's market making activities.

PAXX returned 3.7% over the quarter and 33.1% over the year.[1]

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

An interesting factoid helps frame the quarter just past: the USA looks likely to grow faster than China for the first time since 1976.[2]

China is tightening at the margin, while the US is both reopening and providing fiscal stimulus. Indeed, Chinese officials are becoming vocal in their critiques of Western fiscal and monetary largesse: Guo Shuqing, chairman of the China Banking and Insurance Regulatory Commission, warned in February of speculative excess in US and European markets, and spoke of "[reducing] the high leverage within the financial system."[3] We cannot help but be struck by the delicious irony of this, given the Chinese response to the global financial crisis (GFC).

With that in mind, it is understandable that the March quarter saw US dollar strength, commodity prices such as crude oil and copper pause in their ascent and Asian markets weaken in March, albeit posting positive returns over the quarter.

Given the somewhat economically sensitive nature of the portfolio, the Fund's recent strong performance paused in March, again though with positive performance over the quarter as a whole.

Once again, **Taiwan Semiconductor Manufacturing** (TSMC) (+11% over the quarter) and **SK Hynix** (+12%) were among our largest contributors, as the semiconductor cycle goes from buoyant to extremely tight globally.

Chinese travel stocks **Huazhu Group** (+22%) and **Trip.com** (+17%) were also major contributors for the quarter, benefiting from strength in China's services sector late in its reopening from COVID-19 restrictions.

Ping An Bank (+14%) and **China Merchants Bank** (+21%) were significant contributors for the quarter, with both beneficiaries of economic resilience and resulting positive net interest margins in China.

1 References to returns and performance contributions (excluding individual stock returns) in this PAXX report are in AUD terms. Individual stock returns are quoted in local currency terms and sourced from FactSet Research Systems, unless otherwise specified.

2 Minack Advisers.

3 Ollari Consulting.

Disposition of Assets of PAF

REGION	31 MAR 2021	31 DEC 2020	31 MAR 2020
China	42%	45%	51%
South Korea	11%	13%	8%
Hong Kong	8%	7%	6%
Taiwan	6%	7%	7%
India	5%	8%	4%
Vietnam	3%	3%	2%
Thailand	2%	2%	0%
Singapore	2%	1%	0%
Philippines	1%	2%	0%
Macao	1%	1%	0%
Cash	19%	12%	22%
Shorts	-8%	0%	-10%

See note 2, page 11. Numbers have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures of PAF

SECTOR	31 MAR 2021	31 DEC 2020	31 MAR 2020
Information Technology	18%	22%	17%
Consumer Discretionary	17%	21%	27%
Financials	13%	15%	7%
Industrials	12%	6%	3%
Real Estate	9%	5%	2%
Materials	3%	3%	1%
Consumer Staples	2%	2%	4%
Communication Services	2%	7%	10%
Health Care	1%	1%	2%
Energy	0%	3%	3%
Other	-5%	3%	-8%
TOTAL NET EXPOSURE	73%	88%	68%

See note 3, page 11. Numbers have been subject to rounding.
Source: Platinum Investment Management Limited.

China's ongoing recovery from COVID-19 saw Macau lift its final quarantine and travel restrictions for travellers from Mainland China in February, providing a boost to gaming operators **Melco Resorts & Entertainment** (+7%) and **Galaxy Entertainment** (+16%).

Detractors in the March quarter included Indian holdings **Reliance Industries** (-4% to exit point) and **Maruti Suzuki** (-10%), amid the market impact of India's COVID-19 reacceleration. It is worth noting, Reliance was one of the Fund's top performers over the 12 months to 31 March 2021.

Chinese consumer discretionary-related companies **Midea** (-16%) and **ZTO Express** (-4% from first entry point), a new portfolio inclusion, were weak, fading after a strong January amid concern regarding Chinese tightening.

Changes to the Portfolio

Given the macro setting described above, we increased our exposure to the US dollar and Hong Kong dollar, at the expense of the Chinese yuan and Australian dollar.

We continued trimming our holdings in semiconductor stocks **Samsung Electronics**, **TSMC** and **SK Hynix** amid very strong share price performance and an ongoing global shortage in DRAM chips. These have been excellent investments over the last three years and the story is far from over, but we have lowered overall exposure and breathless headlines about years of chip shortages leave us inclined to believe trimming is the prudent course of action.

We have added significant exposure to high-quality Chinese property developers, namely **China Vanke** and **China Resources Land**.

Top 10 Holdings of PAF

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Samsung Electronics Co	South Korea	Info Technology	5.2%
Taiwan Semiconductor	Taiwan	Info Technology	5.0%
AIA Group Ltd	Hong Kong	Financials	3.6%
Ping An Insurance Group	China	Financials	3.2%
SK Hynix Inc	South Korea	Info Technology	3.1%
Weichai Power Co Ltd	China	Industrials	3.0%
China Resources Land Ltd	China	Real Estate	2.7%
Vietnam Ent Investments	Vietnam	Other	2.7%
Huazhu Group Ltd	China	Cons Discretionary	2.6%
Kingsoft Corp Ltd	China	Info Technology	2.6%

As at 31 March 2021. See note 4, page 11.
Source: Platinum Investment Management Limited.

We bought a new sizeable position in Chinese logistics firm **ZTO Express**, which stands to benefit from an improved competitive landscape and the ongoing march of Chinese consumption, in our view.

We lowered our exposure to India amid ongoing COVID-19 travails, exiting **Reliance Industries**. We also exited Chinese energy company **CNOOC** and Chinese telecommunications companies **China Telecom** and **China Mobile**.

Commentary

Despite the pause in the performance of Asian markets and the Fund in March, we do not see this as a turning point – the "value rotation" is far from over.

In the immediate term, there is some cause for concern that central banks globally are tightening at the margin, with the ending of the Supplementary Leverage Ratio (SLR) exemption in the US a particular focus. This allowed banks to hold Treasuries with no capital charge – exempting them from capital requirement calculations.[4] There is the potential for this to see difficult Treasury auctions and rates increasing sharply – indeed we trimmed exposure in the Fund in advance of these concerns, as a yield spike in the US would be an effective global tightening and negative for Asian markets. However, this is not a "show stopper". Firstly, the reopening of the global economy post COVID-19 is likely to continue. Secondly, trade uncertainty is much reduced under the Biden administration. Additionally, fiscal support is likely to continue for years – as we mention in the Macro Overview, US stimulus is likely to assist growth in Asia and Europe. In terms of the likely outcome of a spike in rates following the ending of the SLR exemption – the US Federal Reserve (Fed) is likely to use repos and bond buying – as occurred in late 2019.[5] Put another way – if there is a hiccup, monetary policy officials are likely to run to the rescue. This is a very positive setup for growth-exposed Asian equities, potentially for several years.

While we were reducing exposure during the quarter, we did add notably to Chinese property developers. Investor sentiment toward the sector is negative, with the market appearing to believe that increased regulatory scrutiny on debt levels and home price limitations will hamper the profitability of developers for years to come. We see significant potential for consolidation, with higher-quality operators with stronger balance sheets poised to benefit in our view.

4 For more detail, see https://www.cnbc.com/2021/03/19/the-fed-will-not-extend-a-pandemic-crisis-rule-that-had-allowed-banks-to-relax-capital-levels.html

5 See for instance the response of the Fed in the repo market in late 2019 here: https://fred.stlouisfed.org/series/WORAL

During the quarter, it was announced that 22 cities in China would adopt a new policy to conduct land auctions for property development in three short windows each year. This will require more capital in short periods of time for property developers and may lower land prices – both would be beneficial to the larger property developers, we believe. Moreover, our research indicates the property developers are trading at close to record-low valuations – on low single-digit price-to-earnings ratios (PEs) in many cases. This is an intriguing starting point.

We wrote about the regulatory crackdown on big tech in China in the December 2020 quarterly report.[6] This appears to be affecting the behaviour of Alibaba. Chinese tech majors have long sought to establish "walled gardens" or exclusive ecosystems. Alibaba is now planning to set up a Taobao Deals lite app on Tencent's WeChat service. Selling through WeChat would mean that merchants would be able to accept payments through WeChat Pay, a service that has not previously been available on Alibaba's marketplaces. **Tencent** remains a significant holding and was a positive contributor in the March quarter. We continue to examine the investment case for Alibaba closely.

One slow moving reform program in China appears to be continuing, gradually. The Hukou, or residential permit, system is designed to prevent migrant workers from accessing services such as education or healthcare in any locale save that of their birth – meaning they may have to travel home for medical procedures, or send their children home to the village to be educated, or else pay upfront for such services if they can be accessed.[7] There are an estimated 230 million internal migrants in Chinese cities without an urban Hukou.[8] Recent changes across several Chinese cities have seen a relaxation of strict Hukou rules forcing migrants to stay in the same city for years to obtain an urban Hukou, providing: better access to healthcare for internal migrants in some cities; and exemptions from Hukou restriction for those with higher education.[9] The relaxation of the Hukou system allows for freer movement of labour in China and should be positive for the economy. This will likely apply to China's smaller cities – the so-called second and third tier cities – in our view.

China's economy continues to expand, as indicated by Purchasing Managers' Index (PMI) data for March. The official manufacturing PMI came in at 51.9 and non-manufacturing was 56.3, Bloomberg reported in early April. China's official PMI survey larger firms and skews more toward the state-owned sector. The Caixin China General Manufacturing PMI, which surveys smaller and more privately-owned firms, indicated a slower expansion with a reading of 50.6, while the non-manufacturing figure was robust at 54.3. Readings above 50 in PMIs indicate expansion.

We reduced exposure to India during the quarter. This is despite the fact that India's Finance Minister Nirmala Sitharaman told India's parliament that the budget deficit target for the year starting April will be 6.8% of GDP versus consensus forecasts of 5.5%. For 2020, the deficit will be 9.5% versus a planned 3.5%.[10] The news saw equity markets respond positively and bond markets sell-off in India amid ongoing optimism about the reopening of the Indian economy and the boost it would receive from the announced fiscal stimulus in early February. By the end of the quarter, this market optimism had faded. Daily COVID-19 cases were running at over 90,000 in early April 2021, near the peaks recorded in India in September 2020.[11] We see potential for meaningful economic interruption as a result. As mentioned earlier, we exited **Reliance Holdings** during the quarter.

Outlook

We see the likelihood of ongoing economic buoyance as high. However, this will be subject to setbacks and policy mistakes. At the time of writing, we may be seeing both, in regard to COVID-19 in India (and Europe), and the potential for interest rate volatility due to the SLR exemption's cessation. At such times, we think it will pay to remember that the drivers of economic recovery are durable – namely the post-pandemic reopening, renewed investment in global supply lines and strong fiscal support. We do not think markets are positioned for ongoing global growth, and we think global growth will prove persistent. This is a very positive setup for the Fund.

6 https://www.platinum.com.au/PlatinumSite/media/Reports/paxxqtr_1220.pdf

7 https://www.economist.com/china/2020/08/19/changes-to-chinas-hukou-system-are-creating-new-divides

8 Ibid.

9 Source: Bernstein.

10 https://www.aljazeera.com/economy/2021/2/1/hey-big-spender-what-is-the-biggest-surprise-in-indias-budget; https://www.bbc.com/news/world-asia-india-55884215

11 Source: Google data, India covid stats: https://www.google.com/search?q=india+covid+stats&rlz=1C1GCEB_enAU875AU876&oq=india+covid+stats+&aqs=chrome..69i57.2575j0j7&sourceid=chrome&ie=UTF-8

Macro Overview

by Andrew Clifford, Co-Chief Investment Officer

Challenging Times for the Market's Speculative Elements

We are now one full year on from the COVID-19 outbreak and the subsequent initial lockdowns that resulted in a collapse in global economic activity and stock markets. While the pathway of the virus has been one of rolling waves in response to lockdowns, reopenings and now the rollout of vaccines, since the March 2020 lows, economic activity has experienced a strong and steady recovery, as have stock markets. Indeed, many of the world's major stock markets have comfortably surpassed their pre-COVID highs.[1] Fuelling this recovery in both economies and stock markets has been unprecedented (peace time) government deficit spending, funded through the printing of money.

The question is, where to now? **It is highly likely that the global economy will continue its strong recovery path over the course of the next two years. In concert with this recovery, government bond yields will likely head higher, which will prove challenging for the speculative elements within stock markets.**

1 Source: FactSet Research Systems.

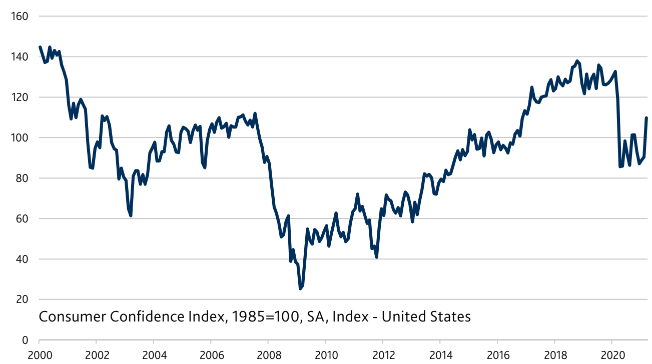
Economic activity will likely continue to recover

There are numerous reasons to expect that global economies will continue to recover. The most obvious is the ongoing reopening of economies, as vaccination programs take us toward the post-COVID era. With current headlines focused on the failure of vaccination rollouts and the outbreak of new variants of the virus, this may seem an overly optimistic statement to many. However, the success of the vaccination programs in the US and the UK, where 32% and 46% of each population respectively has received at least one vaccine dose, shows what can be achieved once health systems swing into gear.[2] Where vaccination programs have been slow to start in some locations, such as Europe, an acceleration is likely, especially as the availability of dosages continues to improve. Variants in the virus are an expected setback, but fortunately the vaccines are being refined to address the variants, as they normally would with the annual flu vaccine.

2 Source: https://ourworldindata.org/covid-vaccinations#what-share-of-the-population-has-received-at-least-one-dose-of-the-covid-19-vaccine

Fig. 1: US Consumer Confidence Bouncing Back

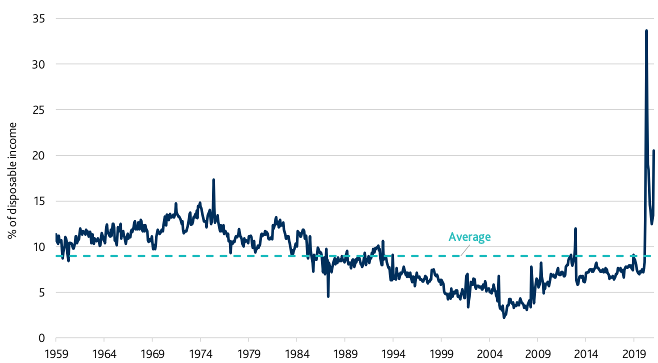
The Conference Board Consumer Confidence Index®



Source: FactSet Research Systems.

Fig. 2: US Households Well-Positioned to Spend

US household savings rate (% of disposable income)



Source: Federal Reserve Bank of St. Louis.

Over the course of 2021, it is highly likely that we will move toward a situation where we return to freedom of movement across the world's major economies. With this, we expect industries such as travel and leisure will continue their recovery, and with that, elevated levels of unemployment will continue to fall. With a light at the end of the tunnel on COVID and rising employment, consumer confidence has started to bounce back (see Fig. 1 on previous page). As such, a release of pent-up consumer demand across a range of goods and services should be expected. Indeed, households are well-positioned to increase their spending, as large portions of government payments last year were saved and not spent, resulting in unprecedented increases in savings rates (see Fig. 2 on previous page).

Additionally, in the US, consumers' bank accounts will be further inflated, with the recent passing of the US$1.9 trillion fiscal package. It is estimated that US consumers would need to spend an additional US$1.6 trillion dollars, or 7.5% of GDP,[3] just to return to trend savings levels. The recovery from the COVID-19 collapse is likely to be a very strong rebound that will play out over the next two to three years.

Given the levels of fiscal and monetary stimulus across the globe during 2020 and 2021 to date, the US will be at the epicentre of the recovery. The ongoing stimulus efforts in the US, including a potential additional US$3 trillion of spending on infrastructure and healthcare over the next decade, make the rest of the world's efforts pale into insignificance. Indeed, China appears to be stepping back from stimulus programs, having already achieved a strong economic recovery.

3 https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/consumers-to-unleash-trillions-of-dollars-in-excess-savings-when-pandemic-ends-62511820

Nevertheless, the US stimulus will help growth in Asia and Europe via the trade accounts, as is already apparent in the strong recovery in China's trade surplus (see Fig. 3).

Long-term interest rates will likely move higher with the recovery

As a result of the strong rebound in economic activity, interest rates will likely rise and indeed, they already have. The reference here is to long-term interest rates, such as the yield on the US 10-year government bond, rather than short-term interest rates set by central banks (e.g. the Reserve Bank of Australia). In the fastest-recovering economies, US 10-year government bond yields have increased from 0.51% in August 2020 to 1.74% at the end of March, while Chinese 10-year government bond yields have risen from their April 2020 lows of 2.50% to 3.21% at the end of March (see Fig. 4). In both cases, these yields have returned to pre-COVID levels. It is not surprising that yields on government bonds are rising, as this is generally the case during a recovery. The issue is just how much further they may rise, given expectations for a very robust growth environment in 2021, the substantial amount of new bonds that will be issued in the months ahead and nascent signs of inflationary pressures.

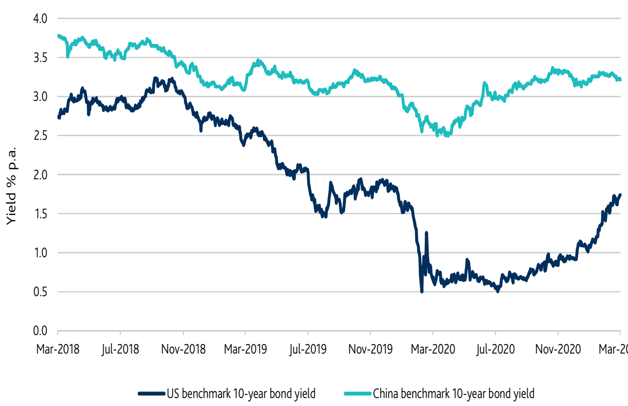
Daily readings of consumer prices already show inflation heading back to levels last seen in mid-2019. As we discussed in our December 2020 quarterly report,[4] markets in a broad range of commodities and manufactured goods are seeing shortages in supply, resulting in significant increases in prices. One high-profile example has been the auto industry having to cut production due to shortages in the supply of

4 https://www.platinum.com.au/PlatinumSite/media/Reports/paxxqtr_1220.pdf

Fig. 3: China's Trade Surplus Expands

Source: FactSet Research Systems.

Fig. 4: US and China 10-Year Bond Yields on the Rise



Source: FactSet Research Systems.

components. Given the complexity of supply chains and the various factors that have been impacting them in recent years, such as the trade war and then the sudden collapse and recovery in demand in 2020, predicting how long such shortages will persist is difficult. However, it is interesting that these price rises, usually associated with the end of an economic cycle, are occurring at the start of the cycle instead.

Beyond the current supply shortages and associated price rises, the longer-term issue for inflation is how governments will finance their fiscal deficits. As we have discussed in past quarterly reports, when governments use the banking system (including their central banks) to finance deficits, it results in the creation of new money supply. The idea that the creation of money supply in excess of economic growth is inflationary, has lost credibility in recent years, as inflation didn't arrive with the quantitative easing (QE) policies of the last decade. However, the mechanisms by which banking systems are funding current fiscal and monetary policies of their governments are clearly different to what was applied during QE. Rather than delve into a deep explanation, we would simply point to the extraordinary growth in money supply aggregates, where in the US, M2[5] increased by a record annual rate of 25% almost overnight in mid-2020. These types of increases did not occur during the last decade of QE policies. Further growth in M2 awaits in the US, following the latest rounds of fiscal stimulus, though the percentage growth figures will at some point fall away as we pass the anniversary of last year's outsized increases.

So, we have a strong economic recovery from the ongoing reopening post COVID, fuelled by fiscal stimulus, already tight markets in commodities and manufactured goods, plus excessive money growth. Given that we also have central banks committed to keeping short-term interest rates low for the foreseeable future and allowing inflation to exceed prior target levels, it is hard to see how we can avoid a strong cyclical rise in inflation. It is an environment where there is likely to be ongoing upward pressure on long-term interest rates. To see US 10-year Treasury yields above 3%, a level last seen in only 2018, would not be a surprising outcome.

5 M2 includes M1 (currency and coins held by the non-bank public, checkable deposits, and travellers' cheques) plus savings deposits (including money market deposit accounts), small time deposits under $100,000, and shares in retail money market mutual funds. Source: https://fred.stlouisfed.org/series/M2SL

Rising long-term interest rates will represent a challenge for the bull market in growth stocks

In recent years, we have emphasised the two-speed nature of stock markets globally. As interest rates fell and investors searching for returns entered the market, their strong preference was for 'low-risk' assets. At different times they have found these qualities in defensive companies, such as consumer staples, real estate and infrastructure, and at other times, in fast-growing businesses in areas such as e-commerce, payments and software. At the same time, investors have been at pains to avoid businesses with any degree of uncertainty, whether that be natural cyclicality within their business or exposed to areas impacted by the trade war. Last year, this division was further emphasised along the lines of 'COVID winners', such as companies that benefited from pantry stocking or the move to working from home, and 'COVID losers', such as travel and leisure businesses.

Over the last three years, these trends within markets created unprecedented divergences in both price performance and valuations within markets. However, as we noted last quarter, this trend started to reverse at the end of 2020, as a combination of successful vaccine trials and the election of US President Biden pointed to a clearly improved economic outlook. The result was 'real world' businesses in areas such as semiconductors, autos and commodities started to see their stock prices perform strongly and this has continued into the opening months of 2021.

Meanwhile, the fast-growing favourites continued to perform into the new year, though these have since faded as the rise in bond yields accelerated. Many high-growth stocks have seen their share prices fall considerably from their recent highs, with bellwether growth stocks such as Tesla (down 27% from its highs), Zoom (down 45%) and Afterpay (down 35%).

Theoretically, rising interest rates have a much greater impact on the valuation of high-growth companies than their more pedestrian counterparts. As such, it is not surprising to see these stocks most impacted by recent moves in bond yields and concerns about inflation.[6] Many will question whether this is a buying opportunity in these types of companies.

6 Growth companies tend to rely on earnings in the more distant future. When valuing a company, future earnings are discounted back to a present value using a required rate of return, which is related to bond yields. As bond yields rise, the discounting process leads to a lower value in today's dollars, for the same level of future earnings.

While they may well bounce from these recent falls, we would urge caution on this front, as for many (but not all) of the favourites of 2020 we would not be surprised to see them fall another 50% to 90% before the bear market in these stocks is over. If our concerns regarding long-term interest rates come to fruition, this will be a dangerous place to be invested, and as we concluded last quarter, "*when a collapse in growth stocks comes, it too should not come as a surprise*".

If there is a major bear market in the speculative end of the market, how will companies that investors have been at pains to avoid in recent years (i.e. the more cyclical businesses and those that have been impacted by COVID-19) perform? While these companies have seen good recoveries in their stock prices in recent months, generally they remain at valuations that by historical standards (outside of major economic collapses) are attractive. It should be remembered there are two elements to valuing companies: interest rates and earnings. Of these, the most important is earnings, and these formerly unloved companies have the most to gain from the strong economic recovery that lies ahead. As such, we would expect good returns to be earned from these businesses over the course of next two to three years.

For many, the idea that one part of the market can rise strongly while the other falls, seems contradictory, even though that is exactly what has happened over the last three years. In this case, for reasons outlined in this report, we are simply looking for the relative price moves of the last three years to unwind. We only need to look to the end of the tech bubble in 2000 to 2001 for an indication of how this may play out - when the much-loved 'new world' tech stocks collapsed in a savage bear market, while the out-of-favour 'old world' stocks rallied strongly. This was a period where our investment approach really came to the fore, delivering strong returns for our investors.

MSCI Regional Index Net Returns to 31.3.2021 (USD)

REGION	QUARTER	1 YEAR
All Country World	**4.6%**	**54.6%**
Developed Markets	**4.9%**	**54.0%**
Emerging Markets	**2.3%**	**58.4%**
United States	**5.4%**	**58.6%**
Europe	**4.0%**	**44.7%**
Germany	4.2%	59.3%
France	4.4%	50.0%
United Kingdom	6.2%	33.5%
Italy	6.3%	53.0%
Spain	1.0%	36.9%
Russia	4.9%	44.3%
Japan	**1.6%**	**39.7%**
Asia ex-Japan	**2.7%**	**57.3%**
China	-0.4%	43.6%
Hong Kong	7.3%	37.3%
Korea	1.6%	89.5%
India	5.1%	76.4%
Australia	3.4%	68.4%
Brazil	-10.0%	46.5%

Source: FactSet Research Systems.
Total returns over time period, with net official dividends in USD.
Historical performance is not a reliable indicator of future performance.

MSCI All Country World Sector Index Net Returns to 31.3.2021 (USD)

SECTOR	QUARTER	1 YEAR
Energy	17.7%	49.9%
Financials	11.4%	56.9%
Industrials	7.5%	62.2%
Communication Services	6.6%	57.4%
Materials	6.4%	76.6%
Real Estate	6.0%	30.1%
Consumer Discretionary	2.3%	77.7%
Information Technology	1.8%	71.7%
Utilities	0.6%	22.8%
Health Care	0.4%	30.2%
Consumer Staples	-0.8%	24.6%

Source: FactSet Research Systems.
Total returns over time period, with net official dividends in USD.
Historical performance is not a reliable indicator of future performance.

The Journal

Visit www.platinum.com.au/Our-Products/PAXX to find a repository of information about the Platinum Asia Fund (Quoted Managed Hedge Fund) (PAXX), including:

- NAV history and intra-day iNAV
- Distribution history and the Distribution Reinvestment Plan
- ASX releases and financial statements
- Monthly updates on performance, portfolio positioning and top 10 holdings.

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Recent highlights include:

- **Video – 2021 Investor Presentation.**[1] Platinum recently completed its 2021 investor and adviser presentation and a video is now available for viewing. Andrew Clifford, Clay Smolinski and Dr Bianca Ogden discuss the ongoing speculative mania, the booming economic recovery in a partially vaccinated world, and the likely impacts of inflation as money printing continues around the globe.
- **Video - Dynamic Asia: From Manufacturing to Cutting-Edge Technology.**[2] From semiconductors to 'lights-out warehouses', telehealth, fintechs and 'cobots' where humans work alongside robots, there's incredible innovation going on in Asia. Drawing on his technology background, portfolio manager Cameron Robertson explains.
- **Video - Managing Risk When Speculative Manias Take Hold.**[3] A speculative mania has touched many parts of the market, with SPACs and GameStop the most recent cases in point. Speculation isn't investing. Trader/analyst Troy Augustus explains what's driving the mania and how Platinum manages risk in speculative market environments.
- **Article - Embracing Opportunities That Crowds Avoid.**[4] Platinum's philosophy of "thinking differently" means we look for opportunities that are out of favour and against popular opinion, with the most recent and clearest example being our investment in travel and travel-related industries throughout 2020. Investment specialist Henry Polkinghorne explains.
- **Article - Semis: We're Halfway There?**[5] Semiconductors have had a good run, but longer-term fundamentals suggest we may be only "halfway there". Investment specialist Douglas Isles shares insights from our technology team on the sector dynamics driving share prices.
- **Article - The New World of Risk: GameStop and Cryptos.**[6] Kerr Neilson provides his thoughts on GameStop and cryptocurrencies.

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1 https://www.platinum.com.au/Insights-Tools/The-Journal/Video-2021-Investor-Presentation
2 https://www.platinum.com.au/Insights-Tools/The-Journal/Video-Dynamic-Asia
3 https://www.platinum.com.au/Insights-Tools/The-Journal/Managing-Risk-When-Speculative-Manias-Take-Hold
4 https://www.platinum.com.au/Insights-Tools/The-Journal/Embracing-Opportunities-That-Crowds-Avoid
5 https://www.platinum.com.au/Insights-Tools/The-Journal/Semis-Halfway-There
6 https://www.platinum.com.au/Insights-Tools/The-Journal/The-New-World-of-Risk-Gamestop-and-Cryptos

Notes: Unless otherwise specified, all references to "Platinum" in this report are references to Platinum Investment Management Limited (ABN 25 063 565 006 AFSL 221935).

"PAXX" refers to the Platinum Asia Fund (Quoted Managed Hedge Fund) (ARSN 620 895 427, ASX Code: PAXX). "PAF" refers to the Platinum Asia Fund)® (ARSN 104 043 110), the unlisted underlying fund into which PAXX invests primarily.

Some numerical figures in this publication have been subject to rounding adjustments. References to individual stock or index performance are in local currency terms, unless otherwise specified.

1. PAXX's returns are calculated by Platinum using PAXX's net asset value unit price (i.e. excluding the buy/sell spread) and represent the combined income and capital returns over the specified period. PAXX's returns are net of fees and costs, pre-tax, and assume the reinvestment of distributions. The MSCI index returns are in AUD, are inclusive of net official dividends, but do not reflect fees or expenses. MSCI index returns are sourced from FactSet Research Systems. Platinum does not invest by reference to the weightings of the specified MSCI index. As a result, PAXX's underlying holdings may vary considerably to the make-up of the specified MSCI index. MSCI index returns are provided as a reference only. The investment returns shown are historical and no warranty is given for future performance. Historical performance is not a reliable indicator of future performance. Due to the volatility in PAXX's underlying assets and other risk factors associated with investing, investment returns can be negative, particularly in the short-term.
2. The geographic disposition of assets (i.e. other than "cash" and "shorts") shows PAF's exposures to the relevant countries/regions through its long securities positions and long securities/index derivative positions, as a percentage of its portfolio market value. With effect from 31 May 2020, country classifications for securities were updated to reflect Bloomberg's "country of risk" designations and the changes were backdated to prior periods. "Shorts" show PAF's exposure to its short securities positions and short securities/index derivative positions, as a percentage of its portfolio market value. "Cash" in this table includes cash at bank, cash payables and receivables and cash exposures through derivative transactions.
3. The table shows PAF's net exposures to the relevant sectors through its long and short securities positions and long and short securities/index derivative positions, as a percentage of its portfolio market value. 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".
4. The table shows PAF's top ten positions as a percentage of its portfolio market value taking into account its long securities positions and long securities derivative positions.

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