



### Facts

Portfolio value \$265.36 mn  
 Portfolio inception 16 September 2015

Current share price \$0.94  
 Current option price \$0.025  
**Pre-tax NAV** \$0.9021  
**Post-tax NAV\*** \$0.9021  
\*liquidation basis

### Performance<sup>1</sup>

	PAI %	MSCI %
1 month	0.39	(0.10)
3 months	(1.44)	1.22
6 months	(10.16)	(9.32)
Since Inception	(7.76)	(3.84)

### Fees

Management fee: 1.1% p.a. of the portfolio value  
 Performance fee: 15% of the amount by which the portfolio's annual performance exceeds the return achieved by the MSCI All Country Asia ex Japan Net Index

### Performance graph<sup>2</sup>

Not sufficient data

### Top ten positions<sup>4</sup>

STOCK	COUNTRY	INDUSTRY	%
Tencent Holdings Ltd	China Ex PRC	Info Technology	4.0
JD.com Inc ADR	China Ex PRC	Cons Discretionary	3.5
Kasikornbank PCL Foreign	Thailand	Financials	3.2
Yes Bank Ltd	India	Financials	3.2
Baidu com ADR	China Ex PRC	Info Technology	3.1
Samsung Electronics Co Ltd	Korea	Info Technology	2.8
Jardine Matheson Holdings	Singapore	Industrials	2.7
Jiangsu Yanghe Brewery J PN	China	Consumer Staples	2.7
China Mobile Ltd HK	China Ex PRC	Telecom Services	2.6
ICICI Bank Ltd	India	Financials	2.5

### Industry breakdown<sup>3</sup>

SECTOR	LONG %	NET %
Financials	25.7	25.7
Info Technology	15.4	15.4
Cons Discretionary	10.7	10.7
Consumer Staples	9.8	9.8
Industrials	7.5	7.5
Utilities	7.2	7.2
Energy	2.7	2.7
Telecom Services	2.6	2.6

### Invested positions<sup>3</sup>

	LONG %	NET %	CURRENCY %
China	7.3	7.3	7.3
China Ex PRC	27.3	27.3	
Hong Kong	3.1	3.1	26.5
Taiwan	3.5	3.5	3.5
India	16.8	16.8	17.4
Korea	8.4	8.4	8.3
Philippines	4.5	4.5	4.8
Singapore	2.7	2.7	
Thailand	6.1	6.1	6.4
Vietnam	2.0	2.0	2.0
	81.7	81.7	
Australian Dollar			6.8
China Renminbi Off Shore			(22.7)
United States Dollar			39.7
Cash & Accruals	18.3	18.3	
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Long - 55 stocks, 4 swaps

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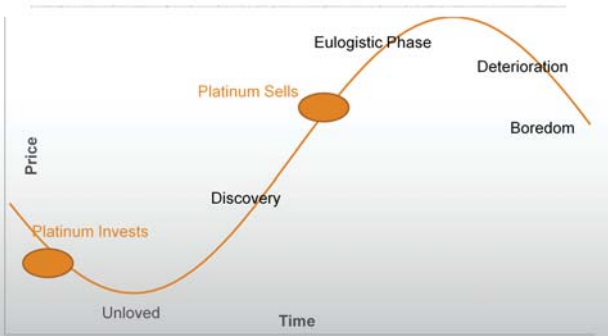
1. Performance results have been calculated using the pre-tax net asset value price (as released to the ASX) and represent the combined income and capital return of the investments for the specified period. Please note that the results are not calculated from the share price of PAI. You should also be aware that performance results are calculated using historic points of reference. PAI and its directors cannot guarantee that such results will be replicated in the future; therefore, this information should not be used to make future investment decisions.

2. The investment returns depicted in this graph are cumulative on A\$20,000 invested in PAI since inception relative to the MSCI All Country Asia ex Japan Net Index in A\$ ("Index"). Performance results have been calculated using the pre-tax net asset value as released to the ASX (monthly 'Net Asset Values') and represent the combined income and capital return of PAI's investments for the specified period. Please note that the results are not calculated from the share price of PAI. It should be noted that Platinum does not invest by reference to the weightings of the Index. Underlying assets are chosen through Platinum's individual stock selection process and as a result holdings will vary considerably from the make-up of the Index. The Index is provided as a reference only.

3. The "Long %" represents the exposure of physical holdings and long stock derivatives. The "Net %" represents the exposure of physical holdings and both long and short derivatives. The "Currency %" represents the currency exposure for PAI's Portfolio, taking into account currency hedging.

4. Top Ten positions shows PAI's top long share exposure positions. Long derivative exposures are included, however, short derivative exposures are not.

### Platinum's approach



Source: Platinum



### Drivers of Asia's Development

Financial Capital : high savings rate
Social Capital : education, particularly STEM
Globalisation : beneficiary of trade
<b>&amp; NOW</b>
The Internet as Enabler
Government Policy & Reform



### Rewards from Asian investing

Pricing Imperfections
Fastest Growing Economic Bloc
Under-appreciated Scale AND Substance
Labour Cost Arbitrage
Almost Certain: Future Index Inclusion (HUGE Underweight to Close)
<b>Expressed Via</b>
China and ASEAN Consumer, Indian Infrastructure, Tech Leaders, Korean Banks



### Key Chinese Consumer-facing holdings

Source: Company Websites, South China Morning Post, Bloomberg, svqj.com



### Market update and Commentary

The turbulent start to 2016 in Asia, and particular, China's stock markets has started to fade and there has been somewhat more stability. It seemed that the latest trend in China was to speculate on commodity futures as iron ore temporarily became fashionable once more as punters started to focus on the potential for increased growth focused policy and restocking. Authorities were quick to try and stamp this out and it is likely the steel industries poor fundamentals will regain their inevitable pressure on a the price of a commodity Australia is dependent on. In general, economic data coming out of China could be described as surprisingly positive versus consensus opinions on where things were going; a small sign that market prospects may be improving.

While losing money is disappointing, we view the decision to deploy capital into the market gradually as prudent, and note that the valuations of the stocks we own did not exhibit exuberance prior to the sell-off, but nor did that make them immune – Chinese insurers and appliances were among the harder hit. There were very few hiding places in Asia these last few months as fear gripped investors. We have used the opportunity to exposure, including newer positions among Chinese utilities and energy. So far in 2016, the ASEAN and Korean components of the portfolio have provided stability, with marginally positive contribution.

In the recent March 2016 quarterly report, portfolio manager Joe Lai, reflected on his recent trip to India and looked at their progress on reform. India's desperate need to build infrastructure, leads to many opportunities for investors. He also looked at the Chinese rebalancing efforts, as the 13th Five Year Plan gets underway, and noted that looser policy is having an impact; even certain property markets are hot again. We are prepared for negative headlines in the Banking sector, as bad debts are worked through but we are not exposed, nor to the areas of overcapacity such as Steel, Cement, Aluminium and Glass. We are instead excited by the prospects for the strong, and growing, Chinese consumer-facing companies we own (such as in the bottom-right slide above), when we consider the attractive prices at which they trade.

Today the long stock portfolio is on a weighted median forward PE of 13X, with substantial cash to smooth the ride. This compares favourably with the structurally challenged Australian market, and growth-challenged United States, which are both on 17X. Our key currency position is the hedging out of our Chinese currency exposure, with a risk of devaluation worthy of avoiding. In the near term this has had a negative impact as the Yuan has strengthened but we note it has been the world's strongest major currency in recent years and softening through China's transition would be unsurprising.