

Facts

Portfolio value	\$428.3 mn
Portfolio Inception	15 September 2015
Current share price	\$1.01
Pre-tax NTA	\$1.1713
Post-tax NTA	\$1.1513

Fees

Management fee:	1.1% p.a. of the portfolio value
Performance fee:	Payable at 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 ¹

	Company % (Pre-tax NTA)	MSCI %
1 month	6.03	4.48
3 months	7.02	3.75
6 months	6.84	(2.74)
Calendar year to date	6.84	(2.74)
1 year	14.60	3.65
2 years (compound pa)	7.02	4.21
3 years (compound pa)	10.75	7.41
Since inception (compound pa)	9.72	9.16

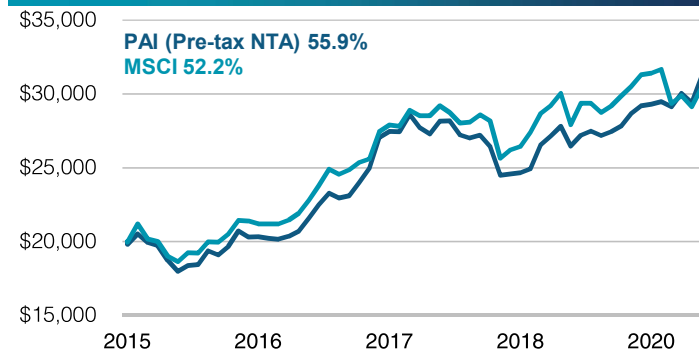
PAI's returns are calculated after the deduction of fees and expenses, adjusted for taxes paid and any capital flows and assume the reinvestment of dividends. PAI's returns have not been calculated using PAI's share price.

Invested positions ³

	Long %	Short %	Net %	Currency %
Asia-Pacific	94.6	(17.1)	77.5	84.5
Macao	1.0		1.0	1.0
China	52.4		52.4	52.4
Hong Kong	8.6		8.6	8.7
Taiwan	7.8	(3.5)	4.2	4.3
India	7.8	(7.0)	0.8	0.9
Korea	12.4	(3.5)	8.9	12.4
Singapore		(3.1)	(3.1)	0.2
Thailand	2.3		2.3	2.4
Vietnam	2.3		2.3	2.3
North America	0.1		0.1	15.4
United States	0.1		0.1	15.4
Europe				0.1
UK Pound Sterling				0.1
Sub-Total	94.7	(17.1)	77.6	100.0
Cash	5.3	17.1	22.4	
Total	100.0		100.0	100.0

Long - 45 stocks Short - 4 indices

Performance graph ²



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Top ten positions ⁴

Stock	Country	Industry	%
Tencent Holdings	China	Comm Services	7.0
Samsung Electronics Co Ltd	Korea	Info Technology	6.0
Taiwan Semiconductor	Taiwan	Info Technology	5.7
Alibaba Group Holding Ltd	China	Cons Discretionary	5.3
AIA Group Ltd	Hong Kong	Financials	4.8
China International	China	Cons Discretionary	4.4
Reliance Industries Ltd	India	Energy	3.8
LG Chem Ltd	Korea	Materials	3.6
Midea Group	China	Cons Discretionary	3.0
Huazhu Group ADR	China	Cons Discretionary	2.9
		Total	46.5

Industry breakdown ³

Sector	Long %	Short %	Net %
Consumer Discretionary	30.6		30.6
Info Technology	21.5		21.5
Communication Services	10.7		10.7
Financials	8.2		8.2
Consumer Staples	5.8		5.8
Energy	3.8		3.8
Real Estate	3.7		3.7
Materials	3.6		3.6
Industrials	2.8		2.8
Health Care	1.8		1.8
Other	2.3	(17.1)	(14.9)

NB: With effect from 31 May 2020, our country classifications for securities were updated to reflect Bloomberg's "country of risk" designations, and our currency classifications for securities were updated to reflect the relevant local currencies of our country classifications.

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1. & 2. Source: Platinum for portfolio returns and Factset Research Systems for MSCI returns. The returns are calculated relative to the MSCI All Country Asia ex-Japan Net Index in A\$. The investment returns in the line graph are cumulative on A\$20,000 invested in PAI since inception. 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 geographic "Long %" is the exposure to long securities and long securities/index derivative positions, the geographic "Short %" is the exposure to short securities and short securities/index derivative positions and the geographic "Net %" is the difference between the geographic "Long %" and the geographic "Short %", 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. The cash "Long %" includes cash at bank, cashflows expected from forwards and effective cash exposures resulting from long securities/index derivative positions, the cash "Short %" includes effective cash exposures resulting from short securities/index derivative positions and the cash "Net %" is the difference between the cash "Long %" and the cash "Short %", each as a percentage of the market value of the Fund's portfolio. 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".

4. The "Top ten positions" show PAI's top ten long securities positions as a percentage of PAI's portfolio value (including long securities and long securities derivative positions).

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- June saw a strong month of performance.
- China continues to post solid economic data.
- Markets appear to be somewhat complacent.

June saw another strong month of performance for Asian ex Japan markets and the portfolio. An important contributor to performance was Tencent, making new all-time highs during the month. The company announced that a start-up it is backing, Momenta, will commence testing of self-driving taxis by October of this year, with a view to having a fleet of driverless taxis on the road in China by 2024 (Northern Trust). This is yet another string to the bow of Tencent, which is a gaming, communication, app development, payments and cloud computing giant, with a market capitalisation of approximately A\$900bn (FactSet).

China's official June manufacturing Purchasing Managers' Index (PMI) edged up 0.3 points to 50.9 (with results over 50 indicating expansion). This marked the fourth consecutive month of expansion. Most sub-indices rose, but employment sub-index continued to fall (Source: CICC).

Further evidence of China getting back to work was apparent in June, with China heavy truck sales up 59% versus a year ago. The 159,000 heavy trucks sold in June 2020 represented the highest ever June figure (Source: cvworld.cn). In addition, the total for the first six months of 2020 was 810,000 units, up 23% on the same period last year (Source: cvworld.cn).

Semiconductor firms, Samsung Electronics, SK Hynix and Taiwan Semiconductor, are important holdings in the portfolio, at approximately 13% of assets. These have performed reasonably, if unspectacularly since the sell-off in February and March. They received a fillip at the end of June, with US competitor Micron Technology reporting strong results for its third quarter to May. On our analysis there had been concern regarding demand for semiconductors from data centre and mobile applications. In our view, Micron's result indicated both of these areas of demand are holding up well. Data from Telecom Regulatory Authority of India released at the start of July indicated the strength of key portfolio holding Reliance Industries in India's telecommunications industry. The company leads in overall mobile subscribers, with Reliance's Jio holding a market share of 33%, followed by Airtel at 28% and Vodafone Idea's 28% in India's mobile phone market as at February 2020. Further, Jio dominates in wireless broadband, with 383 million broadband users, versus Airtel's 144 million and Vodafone's 118 million (Source: Economic Times of India).

For all the positivity on markets during the month, risks remain. This is no more obvious than in the border tensions between the region's giants, India and China. An incident in the border region of the Gulwan Valley left 20 Indian soldiers dead following a clash with Chinese forces. China lays claim to the area, part of the disputed Ladakh Region (Source: South China Morning Post, Al Jazeera). Senior officials on both sides have met repeatedly since the incident, but no final resolution appears to have been reached (Source: South China Morning Post).

In an echo of this military tension, trade tension has also flared between India and China. During June India banned 59 Chinese apps that the government says "pose threat to sovereignty and integrity." This will impact Chinese app TikTok, which has more than 200 million users in India, its biggest overseas market. (Source: Northern Trust).

Markets are clearly taking Sino-Indian border tensions, as well as most other risks, in their stride at present. We believe there is some evidence of complacency in markets and have moved to trim exposure using index shorts in recent weeks.



Source: Chart 1 – IBES consensus, in local currency. Correct as at 6 July 2020.



Source: Chart 2 – IBES consensus, in local currency. Correct as at 6 July 2020.

Charts 1 and 2 show valuations based on sell-side consensus estimates. It is worth noting at this stage, that in our view these earnings forecasts will very likely come down substantially to reflect the impact of coronavirus-related slowdown in the global economy.