

## FACTS

Portfolio value	\$373.37 mn
Portfolio commenced	15 September 2015
Current share price	\$0.855
Current dividend yield	9.94%
Pre-tax NTA	\$1.0135
Post-tax NTA	\$1.0453
Maximum franked dividend	9.95 cps
NTA retained earnings & div profit resv.	5.34 cps

## PERFORMANCE<sup>1</sup>

	Company % (Pre-tax NTA)	MSCI %
1 month	(2.3)	(0.5)
3 months	(9.2)	(6.3)
6 months	(13.6)	(12.2)
Calendar year to date	(11.8)	(11.2)
1 year	(17.4)	(15.4)
2 years (compound pa)	4.6	4.8
3 years (compound pa)	6.7	4.7
5 years (compound pa)	6.7	5.2
Since inception (compound pa)	7.4	7.3

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<sup>3</sup>

	LONG %	SHORT %	NET %	CCY %
<b>Asia-Pacific</b>	82.3	(1.0)	81.3	86.8
China	42.3		42.3	42.3
Hong Kong	4.1		4.1	9.4
Taiwan	5.9		5.9	5.9
India	9.2	(1.0)	8.3	8.5
Indonesia	0.5		0.5	0.5
Macao	1.3		1.3	1.3
Philippines	1.8		1.8	1.8
Singapore	1.5		1.5	1.5
South Korea	9.8		9.8	9.7
Vietnam	5.8		5.8	5.8
<b>North America</b>				13.2
United States of America				13.2
<b>Sub-Total</b>	82.3	(1.0)	81.3	100.0
<b>Cash</b>	17.7	1.0	18.7	
<b>Total</b>	100.0		100.0	100.0

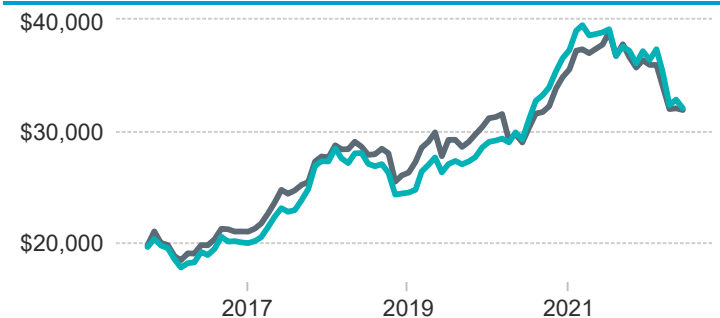
Long - 59 stocks, 1 swap Short - 1 swap, 1 index

## FEES

Management fee:	1.10% p.a. (excl. GST) of portfolio value* plus
Performance fee:	15.00% p.a. (excl. GST) of outperformance over benchmark (MSCI All Country Asia ex Japan Net Index (A\$))

\*The portfolio value is the market value of the investments in the portfolio after the deduction of fees and expenses, adjusted for taxes, corporate actions and dividends.

## PERFORMANCE GRAPH<sup>2</sup>



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.

## TOP TEN POSITIONS<sup>4</sup>

STOCK	COUNTRY	INDUSTRY	%
Taiwan Semiconductor	Taiwan	Info Technology	5.4
Samsung Electronics Co	South Korea	Info Technology	4.6
Vietnam Ent Investments	Vietnam	Other	4.0
Tencent Holdings Ltd	China	Comm Services	4.0
ZTO Express Cayman Inc	China	Industrials	3.9
InterGlobe Aviation Ltd	India	Industrials	3.9
Ping An Insurance Group	China	Financials	3.5
SK Hynix Inc	South Korea	Info Technology	3.3
China Resources Land Ltd	China	Real Estate	3.1
Alibaba Group Holding Ltd	China	Cons Discretionary	2.8
<b>Total</b>			<b>38.3</b>

## INDUSTRY BREAKDOWN<sup>3</sup>

SECTOR	LONG %	SHORT %	NET %
Consumer Discretionary	17.8		17.8
Information Technology	15.7	(1.0)	14.7
Industrials	12.0		12.0
Real Estate	11.9		11.9
Financials	9.3		9.3
Communication Services	4.0		4.0
Consumer Staples	3.5		3.5
Materials	3.4		3.4
Health Care	0.7		0.7
Energy	0.1		0.1
Other	4.0		4.0

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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 "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 PAI's portfolio value. The "Currency %" is the effective currency exposure of PAI's portfolio as a percentage of its portfolio value, 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 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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## MARKET UPDATE AND COMMENTARY

- Asia basically flat over the month of May.
- China stimulus measures continue, to little effect amid lockdowns.
- An mRNA vaccine is under development in China.

May saw another month of relative stability in Asian markets.

Contributors to the portfolio's performance for the month included several of our short positions including an Indian tech outsourcing firm, and the Hong Kong and Korean country indices. Our long position in Korean battery and petrochemical giant LG Chem also contributed to performance. Detractors for the month included many of the largest and highest-quality companies in Asia, including Tencent, Taiwan Semiconductor Manufacturing and SK Hynix, perhaps indicative of ongoing selling by foreigners across Asia.

### China stimulus continues

China is clearly attempting to stimulate its economy. This is apparent in data such as the 'credit impulse': credit growth less nominal GDP, with positive readings indicating increased debt to GDP (please see accompanying chart). May saw further stimulus measures such as tax cuts, loosening of vehicle sales quotas (many Chinese cities restrict the number of cars sold each year) and an acceleration of infrastructure spending (Source: Reuters).

China has been seeking to stimulate its economy since at least November last year, as we have mentioned in previous monthly commentaries. This is unlikely to have any pronounced effect in the presence of ongoing lockdowns, in our view. However, China's zero-Covid policy is unlikely to last forever.

### A Chinese mRNA vaccine is in development

China has been developing an mRNA vaccine since March 2020. During the month, investment team members attended a virtual conference at which the CEO of Everest Biotech and the founder of CanSinoBIO spoke. We would summarise their comments as follows: progress on an mRNA vaccine is being made; there is likely to be several months to go before an mRNA vaccine is available in China; further, sufficient capacity to manufacture at the scale required to roll out a vaccine across China would take several months more; however, by late this year, there could be an mRNA vaccine available in China.

Vice-Premier Liu He, Xi Jinping's most senior economic advisor, made comments supportive of China's tech giants following a symposium with the management of many of China's tech giants. This marks another small step in the months-long thawing of relations with China's tech sector, including public recognition by Chinese officials of the importance of China's tech firms to its economy.

What appears to be building in China is similar to a coiled spring in our view: ongoing economic stimulus; a turning of the credit cycle; and an improving regulatory environment for large, listed firms. This is in marked contrast to the situation in many markets, notably the US, where enormous stimulus measures are being withdrawn, monetary policy tightened and quantitative easing reversed.

What is lacking is a relaxation of China's restrictive policy in regards to Covid given its hitherto failed response to the disease. News of successful vaccine development in Western markets was a major catalyst for improved performance in the wake of the Covid sell-off of 2020. We see no reason why news of a successful mRNA vaccine in China would not have a similar effect, with potentially significant outcomes for China, the region, and indeed, cyclical equities globally.



Source: Chart 1 – IBES consensus, in local currency. Correct as at 6 June 2022.



Source: Chart 2 – IBES consensus, in local currency. Correct as at 6 June 2022.



Source: Chart 3 – Bloomberg. From 31/12/2004 to 30/04/2022.