

Platinum Asia Fund



Cameron Robertson
Portfolio Manager

Overview

- Whilst the Fund was up only slightly during the quarter, the 12-month performance of the Fund beat 20%. We continue to find many high-quality, attractively-valued opportunities in Asian markets. This explains the absence of shorts in the portfolio.
- **Trip.com** was a significant boost to performance during the quarter. China's largest online travel agency also has a strong position in India and is expanding in other Asian and Western markets.
- The Fund's largest holding, Taiwan's **TSMC**, had a good year and a good quarter. It is an essential partner to Nvidia and to most of the large businesses at the forefront of the AI revolution.

Performance

compound p.a.⁺, to 31 December 2024

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Asia Fund*	0%	21%	3%	6%	12%
MSCI AC Asia ex Jp Index [^]	4%	23%	4%	5%	9%

+ Excludes quarterly returns.

* C Class – standard fee option. Inception date: 4 March 2003.

After fees and costs, before tax, and assuming reinvestment of distributions.

[^] Index returns are those of the MSCI All Country Asia ex Japan Net Index in AUD.

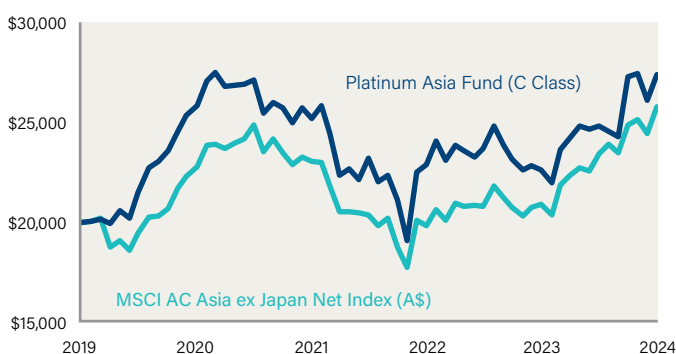
Source: Platinum Investment Management Limited, FactSet Research Systems.

Historical performance is not a reliable indicator of future performance.

See note 1, page 5. Numerical figures have been subject to rounding.

Value of \$20,000 invested over five years

31 December 2019 to 31 December 2024



After fees and costs, before tax, and assuming reinvestment of distributions.

Historical performance is not a reliable indicator of future performance.

Source: Platinum Investment Management Limited, FactSet Research Systems.

See notes 1 & 2, page 5.

The Fund delivered +0.3% for the quarter, a modest but positive result that rounded off a year where the Fund generated over 20% for investors in the Asian region.

The Taiwanese market was the only major market to go up in local currency terms during the fourth quarter, with Korea, India and China all selling off. The relatively weak Australian dollar cushioned this market softness, leading to a slightly positive AUD return.

The strength in the Taiwanese market reflects the ongoing, seemingly insatiable global demand for AI and the semiconductors that power AI products. Demand for key products from companies like Nvidia has outstripped supply for over a year. The Funds' largest holding, **Taiwan Semiconductor Manufacturing Corporation**, is Nvidia's key supplier. In fact, TSMC is the key supplier to almost all companies who want to be competitive in the AI race. The dominance of TSMC's position in this industry has been reinforced by recent turmoil at their closest competitors, Intel and Samsung. We trimmed our position in TSMC

slightly during the quarter, as the strong sustained performance of their shares had made it a particularly large position in the Fund.

While on the topic of Taiwan, over the past quarter or two we also reduced our exposure to **Nien Made**, a Taiwanese company which makes shutters and blinds. It has been a successful investment and we took some profits when the shares ramped up substantially on what struck us as temporary factors during the quarter. We have retained a modest position in the company. We believe they are one of the most efficient players in the market, although with Mexican and Chinese manufacturing facilities shipping product into the US there is some risk of tariff headwinds.

Trip.com travels well

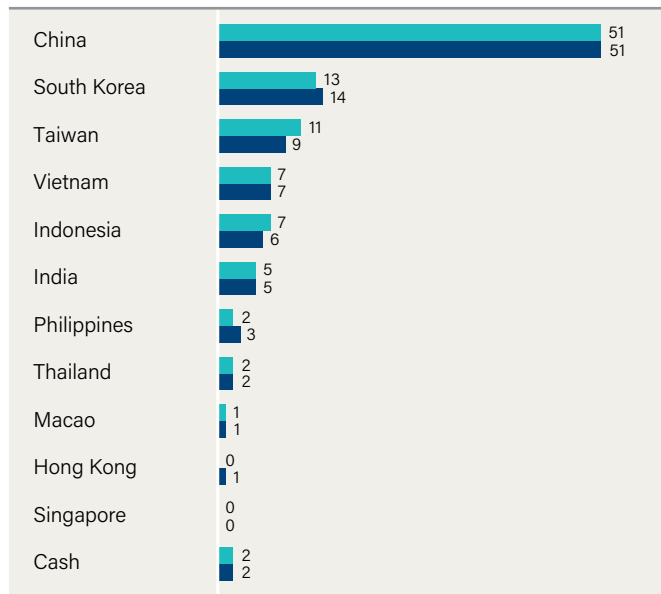
If you remember back to Q3 in China, all cylinders were firing on stimulus announcements. Since then, the government stabilisation and stimulus efforts have been measured, as opposed to the bazooka style approach some market participants hoped to see. There are signs of gradual economic stabilisation, whether looking at property, automotive, travel, or other datapoints. That said, many trends are still mixed and Chinese bond yields have declined as concerns around economic weakness and deflation persist in the absence of further stimulus.

As a result, the general trend across our Chinese holdings, such as eCommerce company **JD.com**, logistics & parcel express operator **ZTO**, and property developer **China Resources Land** was a share price softening, all giving up some of the rapid gains delivered in Q3.

Happily, there were some bright spots among our Chinese holdings, such as **Trip.com** (up nearly 20% during the quarter). Trip is the operator of China's dominant travel booking app and website. Their domestic operations delivered a solid performance and are now running well ahead of pre-COVID levels. Meanwhile their international expansion efforts are bearing fruit. They are now the most downloaded travel app in South Korea, Singapore, Thailand, Taiwan and Malaysia. The company has also been making good progress in European markets like Italy, France and Germany via their Skyscanner app. Trip also own a stake in MakeMyTrip¹, India's leading travel platform and this too has been a success. Given the strength of Trip.com's shares over the past year (up over 90%), we took the opportunity to trim our exposure in Q4. This was not because of any fundamental concerns about the company, rather our assessment that the higher price has modestly reduced the risk-reward proposition.

1 For more on trip.com see www.platinum.com.au/the-journal/passports-to-profit-trip-com-and-asia%E2%80%99s-travel-boom

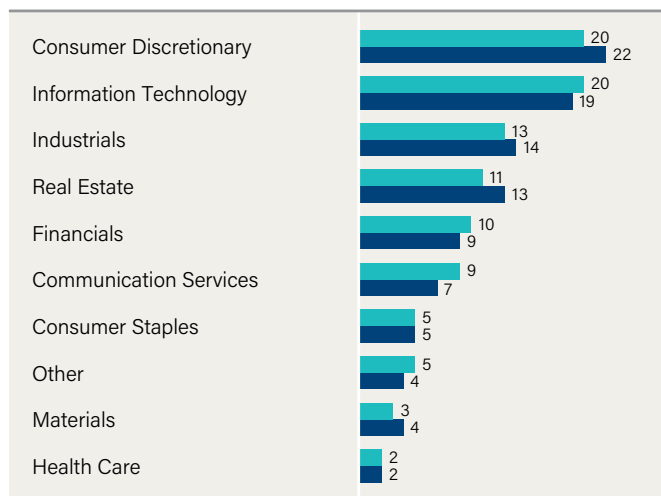
Disposition of Assets %



■ 31 DEC 2024 ■ 30 SEP 2024

See note 3, page 5. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures %



■ 31 DEC 2024 ■ 30 SEP 2024

See note 4, page 5. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Taiwan Semiconductor	Taiwan	Info Technology	10.1%
SK Hynix Inc	South Korea	Info Technology	5.1%
JD.com Inc	China	Cons Discretionary	5.0%
Tencent Holdings Ltd	China	Comm Services	4.8%
Vietnam Enterprise Inv	Vietnam	Other	4.7%
China Merchants Bank	China	Financials	4.1%
Ping An Insurance Group	China	Financials	3.9%
ZTO Express Cayman Inc	China	Industrials	3.9%
Samsung Electronics Co Ltd	South Korea	Info Technology	3.7%
China Resources Land Ltd	China	Real Estate	2.9%

As at 31 December 2024. See note 5, page 5.

Source: Platinum Investment Management Limited.

During the quarter we bought into the Chinese short-video company **Kuaishou**². A little over 700m people use the service each month, touching the majority of Chinese internet users. The user base is also highly engaged, spending over two hours on the platform each day they use it. With such a large established user base, the core business is relatively mature but management are increasingly focused on driving profitability and growing adjacent businesses like eCommerce. Margins have been rapidly improving and there are significant cash and investments on the balance sheet. Our sense is Kuaishou's user base and use cases are more differentiated versus competitors than the market is giving them credit for. We believe this business is materially undervalued.

The US inflation headwind

The macro events that dominated Q3 centred around US inflation expectations, bond yields and the dollar. With signs that inflation was coming under control, bond yields fell in the US and the US dollar weakened. That's a potent combination which propelled markets across Southeast Asia upwards – a lower risk-free rate in the US makes Asia markets comparatively more attractive.

In Q4, as it became increasingly clear Trump would be elected President, inflationary concerns re-emerged given the potentially inflationary effect of policies like higher tariffs and immigrant (labour) deportation. This saw US bond yields rise again and the US dollar strengthened. South-East Asian markets thus turned into these headwinds and unwound much of Q3's gains.

² For more on Kuaishou – and the outlook for Asian markets – see www.platinum.com.au/the-journal/asian-market-in-2025-headwinds-or-tailwinds

Many of our South-East Asian holdings, such as Indonesian mall operator & developer **Pakuwon Jati**, nickel miner **Merdeka Battery Materials**, Vietnamese retailer **Mobile World**, Thai supplements/pharmaceuticals company **Mega Lifesciences** and Filipino mall operator & property developer **Ayala Land**, declined during the quarter. Over the past few months, when prices were higher, we reduced our holding in Ayala Land, only to find ourselves adding back a small amount of the position at the end of the quarter well below where we had been selling.

Six hours of martial law

In December, South Korean President Yoon declared martial law, accusing the majority Democratic Party of 'anti-state activities'. While martial law was only in effect for six hours and optimists argue the safe and speedy resolution of the initial demonstrate the strength of South Korea's young democracy, the reality is this episode highlighted deep frictions between the major political parties and called into question the strength of South Korea's political institutions.

The South Korean consumer appears to have been unsettled by these political actions, with consumer confidence dropping in December and the stock market falling.

South Korea's export-oriented semiconductor companies suffered during Q4, despite benefiting from many of the same AI-driven demand tailwinds as Taiwanese semi companies like TSMC. One reason is that Chinese competitors in the memory market have been inching up the technology curve towards the leading Korean players. They are pricing product extremely aggressively, starting to damage industry profitability and raising questions about the longer-term stability of the oligopolistic supply discipline seen in the DRAM market over recent years.

US efforts to hamper Chinese progress in the AI domain have added even more complexity to the operating environment for these companies, although it could help Korean firms hold emerging Chinese competitors at bay. **Samsung** in particular has been weak, with poor technical execution over the past year or two dragging on their results and competitiveness.

Outlook – don't predict, select

With Trump's inauguration – and the potential for tariff hikes – it's worth noting we have been cautious about the export earnings of Chinese companies for a long time. There's been bipartisan concern over trade with China in the US and it's becoming an issue in other countries as well.

Trump's election has not caused us to change our expectations on this issue. The bulk of the Chinese companies in our portfolio are domestic consumer facing businesses so we don't expect much in the way of direct tariff impacts on our holdings. That said, the indirect impacts of tariffs on the broader economy are harder to predict. There is a belief in some circles that if trade frictions become more severe we may see more stimulus from the Chinese government and perhaps others around the region, to help sustain domestic demand.

While intellectually stimulating, trying to predict political and geopolitical events is a fraught exercise. Instead, we simply look to buy and hold defensible or differentiated businesses, with healthy balance sheets, run by trustworthy people, trading at attractive valuations. Managed well, and with time on your side, a diversified portfolio of these types of businesses should serve their owners – the Platinum investor – well. We continue to find plenty of opportunities that fit this bill, so feel the outlook remains positive.

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).

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. Fund returns are calculated by Platinum using the net asset value unit price (i.e. excluding the buy/sell spread) of the stated unit class and represent the combined income and capital returns over the specified period. Fund 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, the Fund's 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 the Fund's underlying assets and other risk factors associated with investing, investment returns can be negative, particularly in the short term.
2. The investment returns depicted in the graph are cumulative on A\$20,000 invested in C Class (standard fee option) of the Fund over the specified period relative to the specified MSCI index in AUD.
3. The geographic disposition of assets (i.e. other than "cash" and "shorts") shows the Fund'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. Country classifications for securities reflect Bloomberg's "country of risk" designations. "Shorts" show the Fund'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.
4. The table shows the Fund'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".
5. The table shows the Fund'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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