Platinum Asia Fund

Cameron Robertson
Portfolio Manager

Overview

- Asian markets did well early in the March quarter before the outbreak of the Iran war set back performance – higher energy prices, if sustained, could feed through to inflation, cut consumer confidence and eat into margins.
- Whilst Asian markets are vulnerable to energy supply crises, we're still finding investment opportunities across multiple industries where share prices don't reflect the company's return prospects.
- Asia's semiconductor industry continues to grow briskly. Major AI-businesses are investing vast sums in the latest AI iterations like agentic AI. That's flowing through into the performance of portfolio holdings like **TSMC**, **SK hynix** and **Samsung**. We have been trimming these holdings, taking good profits as the price rises changes the risk/return equation.

Performance

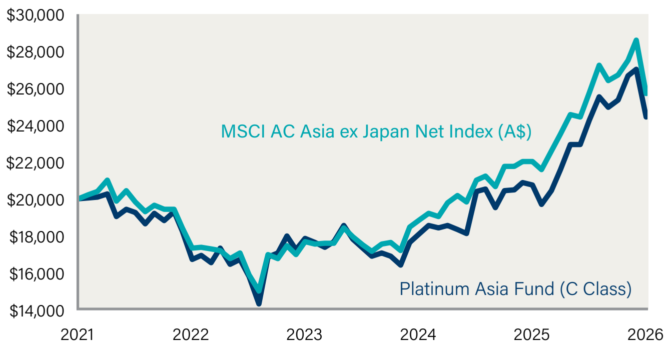
compound p.a.+, to 31 March 2026

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Asia Fund*	-4%	18%	11%	4%	13%
MSCI AC Asia ex Jp Index^	-4%	17%	13%	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 March 2021 to 31 March 2026



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 quarter started strongly before reversing sharply in response to the hostilities in the Middle East.

Our technology holdings were again standout contributors. **Korea's SK hynix**, **Samsung Electronics**, **HPSP** and **EO Technics** delivered quarterly returns ranging between 20% and 40% and Taiwan's **TSMC** was up over 10% as AI-related demand for advanced memory and semiconductors showed no signs of slowing. **Weichai Power** – our Chinese diesel engine maker that is an unlikely beneficiary of the data centre build-out – also contributed positively, up 40%.

Our holding in Korean confectionery company **Orion Corp** was another positive. Orion continues to execute strongly across its core markets – South Korea, China and Vietnam. The stock is attractively valued given its consistent growth and leading positions in categories where brand loyalty runs deep (anyone who has tried a Choco Pie knows what we mean).

Chinese online travel company **Trip.com** was a notable detractor after a formal antitrust investigation was launched in January, alleging abuse of its dominant market position. The stock fell sharply. These investigations are not unprecedented in China – Alibaba and Meituan went through similar processes in 2021, emerging with manageable fines. With Trip.com and affiliates responsible for ~70% of bookings (by value) in China's online travel agency market, a long history of strong operational execution and Chinese outbound travel expected to reach 165–175 million cross-border trips in 2026, the backdrop remains compelling. However, the way the investigation affects the competitive environment is something we will watch closely.

Fund performance was also affected by a share price decline in Chinese internet companies **Tencent** (-19%) and **Kuaishou** (-29%). Both companies are aggressively investing in their AI offerings, causing the market to fret about when they might get their hands on the cash these businesses make.

Our holding in Indian low-cost airline, **Indigo**, fell as jet fuel prices skyrocketed and routes through the Middle East were disrupted. A handful of other holdings also weakened on the prospect of higher energy prices in Asia.

The relative strength of the Australian dollar – supported by a hawkish Reserve Bank – weighed on AUD-denominated returns. We believe most Asian currencies are undervalued and thus have not hedged currency exposures.

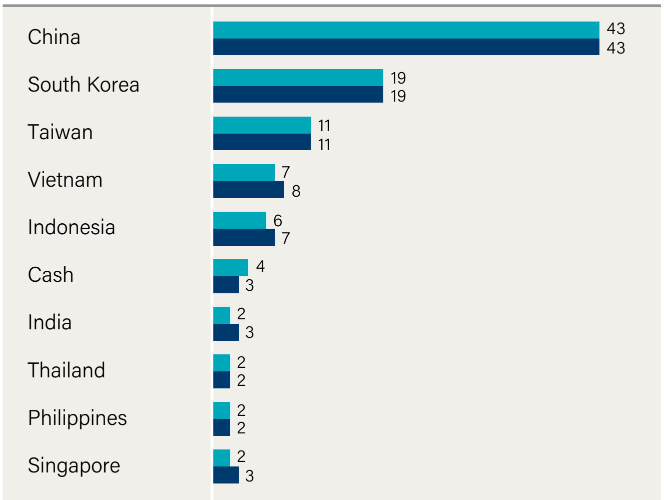
Commentary – why the AI supply chain still can't catch its breath

We have written extensively about AI, so let us get straight to the point: we have materially trimmed our semiconductor positions as share prices have risen, banking significant profits. Yet we retain meaningful holdings because the demand picture in this sector continues to evolve in ways that sustain the existing tightness in the supply chain.

The latest chapter in this story is the emergence of "agentic AI." Where earlier AI systems answered questions, agentic AI systems plan, make decisions and take multi-step actions with minimal human oversight. It's AI that doesn't just draft an email when asked, but monitors your inbox, prioritises messages, schedules meetings, and follows up – autonomously.

Why does this matter for our semiconductor holdings? Because agentic AI is extraordinarily compute-hungry. Traditional AI processes a single request and returns an answer. Agentic systems run continuously, making multiple calls to AI models and coordinating across tools – multiplying demand for processing power.

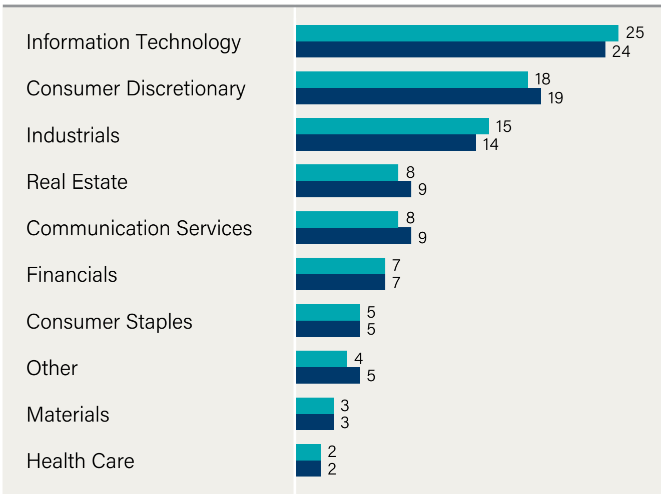
Disposition of Assets %



31 MAR 2026 31 DEC 2025

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

Net Sector Exposures %



31 MAR 2026 31 DEC 2025

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	11.0%
Samsung Electronics Co	South Korea	Info Technology	7.8%
Tencent Holdings Ltd	China	Comm Services	4.5%
ZTO Express Cayman Inc	China	Industrials	4.4%
SK hynix Inc	South Korea	Info Technology	4.1%
Vietnam Enterprise Inv	Vietnam	Other	4.0%
JD.com Inc	China	Cons Discretionary	4.0%
Ping An Insurance Group	China	Financials	3.5%
China Resources Land Ltd	China	Real Estate	3.2%
Midea Group Co Ltd	China	Cons Discretionary	2.4%

As at 31 March 2026. See note 5, page 5.
Source: Platinum Investment Management Limited.

The capital spending to deliver on agentic AI is staggering; collectively the top US cloud companies could spend US$650–700 billion on infrastructure in 2026, nearly double the prior year. Every one of them reports being supply-constrained.

This is why our holdings like SK hynix (high-bandwidth memory), Samsung (memory and foundry) and TSMC (the world's most advanced chip fabricator) continue to see strong order books. The risk-reward has shifted as prices have risen, which is why we are trimming. Yet we believe the structural demand case remains intact for now and supply is struggling to catch up.

Headlines, Hormuz and hidden opportunities

It would be impossible to write this quarter's report without addressing the conflict in the Middle East. Apart from the obvious horrors such events entail, this has severely curtailed shipping through the Strait of Hormuz, through which roughly 20% of the world's oil normally flows. Oil prices, around US$70 per barrel before the conflict, spiked to nearly US$120 before trading around US$100–110 at the time of writing.

For Asia – the world's largest oil-importing region – this is a meaningful development. Higher energy costs flow through to consumer wallets, government budgets and input costs across the economy. Oil is just the start, with LNG, fertiliser and chemical markets, all facing disruption.

We are not Middle East experts, and we are wary of pretending otherwise. Rather than attempting to forecast outcomes, we are taking cues from the energy markets themselves. The forward curve remains heavily discounted compared to spot prices.[1] While this partially reflects structural mechanics of producer hedging, it also suggests energy market participants view the current price spike as a near-term disruption rather than a new, permanent baseline for input costs. We are managing the portfolio accordingly whilst staying alert to the reality that the situation is highly fluid.

What we can say with conviction is that periods of geopolitical turmoil create opportunity. When investors are glued to cable news, many businesses who are executing effectively get overlooked.

Jollibee, the Philippine fast-food champion we discussed last quarter and on the Platinum Roadshow continues to make impressive progress. Frustrated by their undervalued share price, the company is looking to IPO parts of their international operations to highlight and capitalise on the value inherent in their business portfolio. The stock has continued to soften, offering us the chance to add to our position.

Mobile World Group (Vietnam) is undergoing an interesting corporate transformation, spinning off its DMX electronics subsidiary and building out its promising grocery business. Despite these developments, the share price has declined during the quarter, allowing us to accumulate further.

CATL (China), the world's largest battery maker is the kind of business that benefits structurally from geopolitical crises. Every oil shock reminds the world about the downside of dependence. Battery technology sits at the heart of that transition and CATL's scale and cost advantages are formidable.

All three of these companies have strong competitive positions and improving fundamentals but are selling at prices reflecting the market's current distractions rather than their long-term prospects.

Portfolio activity – Lake Materials

When Samsung Electronics decided to build a cutting-edge chip fabrication facility in Taylor, Texas, it needed suppliers it could trust to follow it there. One of the companies it turned to was **Lake Materials**, a Korean specialty chemicals business. Lake is a small new position in the Fund.

Lake Materials makes organometallic compounds – exotic-sounding chemicals that are essential inputs into semiconductors, solar cells, LEDs and petrochemicals. What caught our attention is not just the product range, but the company's position at a fascinating intersection: the reshoring of semiconductor supply chains *and* the emergence of next-generation battery technology. Its growing portfolio includes inputs for solid-state battery electrolytes – a technology that, if it scales, could reshape the EV industry's economics.

The company went through a lean period as it invested heavily in new manufacturing capacity and qualified new products.[2] This suppressed margins. That's the kind of setup we find attractive – a business quietly doing the hard, unglamorous work of building capability that's out of the spotlight. Lake has secured a new contract with Samsung and with new end markets opening up, we think the next couple of years could look quite different.

Outlook

The Iran conflict and its impact on energy prices adds genuine uncertainty to the regional outlook. A prolonged disruption to shipping through the Strait of Hormuz would hit Asia's major economies, flowing through to inflation, consumer spending, and corporate margins. We are watching this closely.

That said, it is hard not to be reasonably optimistic about the medium to longer-term prospects for the region. We continue to find businesses with strong competitive positions at valuations we believe don't reflect their underlying earnings power. We're finding these opportunities everywhere from life's basics, such as food, right through to specialty chemicals at the frontiers of technological progress.

1 In simple terms this means participants in the oil market – those with the most skin in the game – expect future oil prices to be lower than those today.

2 Qualifying a product means ensuring it meets safety, reliability and performance standards before you switch to full-scale production.

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 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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