Platinum Asia Investments Limited

Quarterly Investment Manager's Report

31 March 2020

Platinum®
ASIA INVESTMENTS LIMITED
ABN 13 606 647 358

Investment Update

by Joseph Lai, Portfolio Manager

Dear Shareholders

We hope you and your families are taking good care of yourselves throughout this challenging time.

In response to COVID-19, most of the management company of PAI, Platinum Investment Management Limited, are working from home and all of Platinum's investment and business functions are operational.

The investment team is working effectively to evaluate the changes occurring in world economies and markets. Against this backdrop of uncertainty, and with consideration for Platinum's investment approach, our longer-term invested position is guided by the value that we can see in current stock prices. This quarterly report provides you with the latest commentary, portfolio positioning and outlook for PAI.

Please note, we are also posting regular updates on The Journal section of our website:

www.platinum.com.au/Insights-Tools/The-Journal/

We encourage you to visit this section for regular market updates and a range of thought-provoking articles and videos. You can also elect to subscribe to the updates.

Please take care and stay safe.

Andrew Clifford

Managing Director and Chief Investment Officer

Platinum Investment Management Limited

Performance

(compound p.a.* to 31 March 2020)

	QUARTER	1 YEAR	2 YRS	3 YRS	SINCE INCEPTION
Platinum Asia (PAI)	-0.2%	7.4%	3.3%	10.5%	8.6%
MSCI AC Asia ex-J Index^	-6.3%	0.5%	1.4%	8.8%	8.8%

PAI's returns are calculated using PAI's pre-tax net tangible asset (NTA) backing per share as released to the ASX monthly. PAI's returns are calculated after the deduction of fees and expenses, have been adjusted for taxes paid and any capital flows, and assume the reinvestment of dividends. **PAI's returns are not calculated using PAI's share price.**
Portfolio inception date: 15 Sep 2015.
* Excluding quarterly returns.
^ Index returns refer to MSCI All Country Asia ex Japan Net Index in AUD.
Historical performance is not a reliable indicator of future performance.
Source: Platinum Investment Management Limited for PAI's returns; FactSet for Index returns. See note 1, page 11.

Net Tangible Assets

The following net tangible asset backing per share (NTA) figures of Platinum Asia Investments Limited (PAI) are, respectively, before and after provision for tax on both realised and unrealised income and capital gains.

	PRE-TAX NTA	POST-TAX NTA
31 December 2019	$1.1432	$1.1184
31 January 2020*	$1.1279	$1.1017
29 February 2020*	$1.1251	$1.1064
31 March 2020	$1.1082	$1.0969

* Ex-dividend. Adjusted for the 31 December 2019 interim dividend of 2 cents per share, declared on 26 February 2020 and paid on 25 March 2020.
Source: Platinum Investment Management Limited.

In Brief:

- The global economy and financial markets were upended in the last few weeks of the quarter as the coronavirus pandemic made its way across the globe.
- Stock markets collapsed and debt markets are struggling under the possibility that companies that only weeks ago looked in good financial shape are now bankruptcy candidates.
- Actions taken to protect the portfolio during a highly volatile quarter helped PAI's performance, with shorts on stock market indices and higher cash holdings generating strong returns over the period.
- The China portfolio performed relatively well. Although pre-emptive actions to liquidate many South Asian exposures were taken, stocks in this region still detracted.
- Valuations in the Asian markets are even more attractive. The fundamental drivers of economic development in Asia continue to be firmly entrenched in the region.
- We will continue to seek out strong businesses with resilient characteristics that are cheap in absolute terms during this time of turmoil, while taking protective measures against market volatility.

PAI delivered a flat return over the quarter reflecting actions taken to protect the portfolio in what was a highly volatile period.

There was an interesting divergence in performance across markets during the quarter. Those governments that recognised the threat of the COVID-19 outbreak early and took the necessary steps to manage the situation, saw their markets outperform over those that were less able to do so.

China responded quickly and contained the spread of the virus and its market significantly outperformed most major markets elsewhere, falling only 10% in local currency terms for the quarter. Other regions managing the contagion well, include Hong Kong (-16%), Taiwan (-19%) and Korea (-19%). South Asian markets fared considerably worse with India, Thailand, Philippines and Indonesia down around 30%, reflecting an expectation of more difficult times ahead.[1]

Our protection strategies included a basket of shorts on a range of stock market indices and increasing cash holdings, which generated returns of 27% and 12% respectively in Australian dollar (AUD) terms over the period. Although pre-emptive actions to liquidate many of PAI's South Asian exposures were taken, stocks in this region still detracted from performance. These included **Vietnam Enterprise Investments**, **Ashok Leyland** (Indian truck manufacturer) and **Kasikornbank** (Thai Bank). The China portfolio within PAI performed relatively well (returning a flat return in AUD terms over the quarter). Key positive contributors to performance included **Microport Scientific** (leader in advanced medical devices in China) and **Kingsoft** (Cloud and Chinese Office Software) as their position and importance in the technology sector became apparent during the COVID-19 outbreak. A number of our other Chinese stocks also delivered positive returns over the quarter.

1 CSI 300 Index (China); Hang Seng Index; Taiwan TAIEX; KOSPI 200 (Korea); India S&P BSE SENSEX; Thailand SET; Philippines PSE; and Indonesia SE Composite Index respectively. Returns are in local currency terms. Source: FactSet.

Disposition of Assets

COUNTRY	31 MAR 2020	31 DEC 2019
China^	52%	45%
Korea	8%	11%
Taiwan	7%	7%
Hong Kong	6%	9%
India	4%	11%
Vietnam	2%	3%
Philippines	0%	3%
Thailand	0%	3%
Cash	21%	9%
Shorts	-10%	-1%

^ Inclusive of all China-based companies, both those listed on exchanges within China and those listed on exchanges outside of China.

See note 2, page 11. Numerical figures have been subject to rounding.

Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	31 MAR 2020	31 DEC 2019
Consumer Discretionary	27%	20%
Information Technology	17%	19%
Communication Services	9%	12%
Financials	8%	18%
Consumer Staples	4%	1%
Energy	3%	3%
Industrials	3%	6%
Real Estate	2%	5%
Health Care	2%	2%
Materials	1%	1%
Utilities	0%	0%
Other*	-8%	3%
TOTAL NET EXPOSURE	68%	90%

* Includes index shorts and other positions.

See note 3, page 11. Numerical figures have been subject to rounding.

Source: Platinum Investment Management Limited.

For further details of PAI's invested positions, including country and industry breakdowns and currency exposure, updated monthly, please visit www.platinumasia.com.au.

Changes to the Portfolio

From our perspective, economic risks emanating from the spread of coronavirus and containment measures instituted were always going to significantly dampen economic activity. In contrast, market sentiment early in the quarter was somewhat complacent. We acted quickly and reduced our net exposure. By the end of February, PAI's net invested position was lowered to 55% (from 90% at the beginning of the year) by liquidating positions and putting in place a range of short positions on stock market indices to hedge against market declines.

Exposure to South Asian stocks was drastically reduced, particularly India, with the gross (long) invested position reduced from 11% to 4% over the quarter. The impact of the virus is expected to be greater in countries that lack the economic capacity or organisational ability to contain the spread and deal with the fallout.

China, Korea, Taiwan, Hong Kong and Singapore have shown an incredible ability to contain the spread of this virus within their respective countries. People's lives have returned to various degrees of normalcy. While we reduced exposures to these regions early in the stock market panic, positions in these markets have since been reinstated at more attractive valuations.

Companies we are particularly interested in are those that are investing in research and development (R&D) or infrastructure, can set themselves apart from their competitors, gain market share and become industry champions in due course. Indeed, the economic disruption will undoubtedly lead to bankruptcies of the less well-run companies, leaving those with strong balance sheets and capable management teams to take advantage. Market volatility will likely persist as the economic fallout of the crisis plays out. Accordingly, index shorts will continue to be used to hedge the portfolio against this expected volatility.

Commentary

The panic that swept the markets due to COVID-19 was intense, but the path in which this crisis unfolded was predictable. As we know, the virus is highly contagious leading to an exponential rise in cases. This has inevitably overwhelmed the healthcare system, and the typical response has been to "flatten the curve". To relieve the economic pain, unprecedented levels of monetary and fiscal stimulus were deployed. The extent to which an individual country can effectively deal with the virus depends on the strength of its healthcare system to treat the severe cases and the effectiveness of the government to implement social distancing measures and stimulatory policies.

Net Currency Exposures

CURRENCY	31 MAR 2020	31 DEC 2019
Hong Kong dollar (HKD)	33%	33%
US dollar (USD)	31%	34%
Australian dollar (AUD)	10%	0%
Chinese yuan (CNY)	9%	7%
Korean won (KRW)	8%	11%
Taiwan dollar (TWD)	6%	7%
Vietnamese dong (VND)	2%	3%
Singapore dollar (SGD)	1%	0%
Thai baht (THB)	1%	3%
Philippine peso (PHP)	0%	3%
Indian rupee (INR)	0%	11%
Chinese yuan offshore (CNH)	0%	-12%

See note 4, page 11. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Tencent Holdings	China	Comm Services	5.5%
Alibaba Group Holding	China	Cons Discretionary	5.3%
Taiwan Semiconductor	Taiwan	Info Technology	5.1%
Samsung Electronics Co	Korea	Info Technology	4.9%
AIA Group Ltd	Hong Kong	Financials	4.2%
JD.com Inc	China	Cons Discretionary	3.2%
Reliance Industries Ltd	India	Energy	3.2%
China International	China	Cons Discretionary	2.9%
Inner Mongolia Yili	China	Cons Discretionary	2.6%
Anta Sports Products	China	Cons Discretionary	2.5%

As at 31 March 2020. See note 5, page 11.
Source: Platinum Investment Management Limited.

It is not conventionally believed that administrative means can effectively control pandemics. In the case of China, it has not only controlled it, but has managed to nearly eradicate the virus through administrative means. It did not just flatten the curve, it decimated it with the number of active cases now close to zero. Almost all new COVID-19 cases in China are imported, with some of the Chinese diaspora returning to a country that is free of the disease to seek testing or treatment.

What has worked in China seems to be working in other countries too, with encouraging results. Curves appear to be flattening in many countries. Much like the Chinese citizens, people in many other countries who are self-isolating at home have increased their activity on social media, gaming and e-commerce sites. Some communities have even been singing to each other from their balconies to connect with people around them.

The Chinese experience perhaps offers a glimmer of light at the end of the tunnel for the world. Activities in China are fast returning to a degree of normalcy – streets are full of cars again, people are strolling in parks, returning to shopping malls and travelling domestically. School is finally restarting, and they may even do away with their masks soon. Economic activities are picking up after a dismal month in February when the country was effectively shut down for business. The Purchasing Managers' Index, an indicator of future economic activity, bounced back from a low of 36 in February to above 52 in March (source: FactSet). A reading above 50 indicates an expansion in economic activity and a reading below 50 indicates a contraction. E-commerce volume and express parcel delivery volumes have both fully recovered and are likely to see growth this year compared to last year.

Property sales for listed developers have normalised, as sales offices have re-opened and potential buyers have returned. The authorities have loosened property policies at the margin to give it a helping hand. Construction at most building sites has restarted, with many labourers working extra hard to make up lost ground and meet apartment completion dates.

Most shopping malls and restaurants have re-opened and customers have started to return. KFC in China has re-opened most of its previously closed restaurants and sales are recovering, particularly in the delivery business. Chain supermarket and convenience stores have mostly re-opened and their sales have exceeded levels recorded for the same period last year, as more people are dining at home.

The China experience is somewhat illustrative of what can be expected if the pandemic can be controlled. Activity can improve to some degree of normalcy, even though a vaccine has not yet been discovered. Over the medium-to-longer term, one can be optimistic. The global effort to develop a vaccine is in earnest and such an intense global scientific effort to find the solution cannot be underestimated.

Outside of Mainland China, perhaps with the benefit of experience in previous viral outbreaks, developed Asia (Korea, Taiwan, Singapore, HK) appears to be handling the containment effort reasonably well, with less draconian measures. This region will likely remain the factory of the world, churning out much-needed medical supplies and ventilators, as well as daily necessities to export to the rest of the world during this time of crisis. The less-developed South Asian markets may unfortunately fare less well, with limited financial ability to mount an effective response and the eventual burden on their banking systems will be heightened post this episode. Accordingly, we reduced our exposure to this region for now, but we remain believers that the structural underpinning for growth remains firmly intact in the long term. We are using our time now to research and prepare for the plentiful opportunities that will undoubtedly surface. The new normal that we are living through can present new opportunities. Working from home has led to a new appreciation of moving IT infrastructure to the cloud. Demand for video conferencing and collaborative online tools is exploding all over the world. Many companies are playing catch up and investing in the cloud. Semiconductors (computer chips) are central to enabling these technologies.

We continue to own **Samsung Electronics**, **SK Hynix** and **Taiwan Semiconductors**, which are dominant oligopolistic players in semiconductors, and we are confident they can manage capacity expansion in the unlikely event of weaker demand in this environment. We have also increased our investment in cloud-based companies that we expect will benefit from people working remotely and conducting their meetings via video conferencing, with some of these behaviours permanently entrenched. Companies with strong brand names in China are likely to continue to maintain their dominance. As China continues to grow, its people will be even more proud of its country, and more importantly, of themselves, especially having worked collectively to successfully combat this virus. The impact of this outbreak may in fact have a galvanising impact on these brands. Travel-related companies have obviously been impacted heavily in China. We have identified many fast-growing industry champions, characterised by an impeccable management track record and investment in IT infrastructure to deliver a superior travel experience. While the current setback is real, it is also temporary, particularly in the case of China, as the locals will travel again.

Outlook

Valuations in the Asian markets have become even more attractive. The fundamental drivers of economic development in Asia continue to be firmly entrenched in the region. The effective response of China and other parts of Asia to this pandemic threat is testament to the dynamism of the region. The speed at which the genome of COVID-19 was sequenced and effective containment strategies employed by various North Asian countries reflects their strong penchant for economic and technological advancement. The same robust drivers of efficient and low-cost infrastructure and the coalescing of the population for the common good, is pushing the inexorable rise of the region over the longer term. It is impossible to know the duration of this biological upheaval, but market gyrations will present more opportunities as the situation changes. We will continue to manage PAI as we always have and that is to seek out strong businesses with resilient characteristics that are cheap in absolute terms during this time of turmoil, while taking protective measures against market volatility.

Macro Overview

by Andrew Clifford, CIO, Platinum Investment Management Limited

Global health crisis takes unprecedented personal, economic and market toll

The global economic environment and financial markets were upended in the last few weeks of the quarter as the coronavirus (COVID-19) pandemic made its way across the globe. The headlines clearly tell the story. As governments sought to contain the spread of the virus, there have been mass closures of businesses, resulting in unheard of jumps in unemployment. Stock markets collapsed in one of the fastest declines in history and debt markets are struggling under the possibility that companies that only weeks ago looked in good financial shape are now bankruptcy candidates.

Governments the world over have responded with fiscal and monetary stimulus of a scale never previously seen. The situation is unprecedented in economic and financial market history. There are no simple answers as investors attempt to navigate the situation. Below is a broad outline of our current thinking on how we see the economic situation unfolding and the response of financial markets.

The Economy

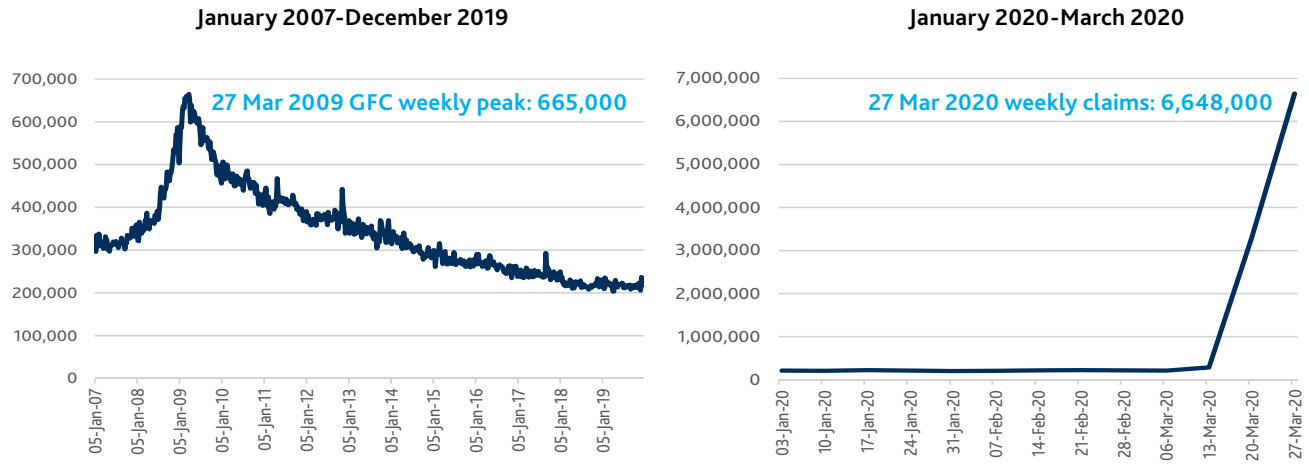
In order to have a view on where economic activity may track from here, we need to address the nature of this economic collapse. We are all used to the economy being defined by sets of numbers such as interest rates, inflation, employment, retail sales, government spending, trade deficits and surpluses and the like. While these are all useful indicators of what has happened, viewing the economy through the lens of such data tends to make us think of the economy in an abstract manner.

The economy is real. People get out of bed every day and go to work or at least go looking for work. Once at work, we use the computer in an office, the machinery in a factory, or the intellectual property in a research laboratory. In doing our work we have access to natural resources, whether that is simply the land on which the office or factory sits, the ore taken out of the ground at a mine site, or water and soil in agricultural activities. Economists refer to these elements of the economy as labour, capital, and land, and are collectively referred to as the "factors of production". The goods and services produced using the factors of production are our income and the sum total is referred to as gross domestic product (or GDP). These factors of production and the goods and services produced are the **real economy.**

Governments around the world have reacted to COVID-19 with a wide variety of containment measures to slow down the spread of the disease. In nearly every case, the result of these measures has been to limit the ability of people to go

Fig. 1: Rise in Weekly US Jobless Claims Demonstrates Collapse in Economic Activity

Weekly Initial Claims For Unemployment Insurance Under State Programs, Seasonally Adjusted, Persons - United States



Source: FactSet

to work and spend money (e.g. at bars, restaurants, travelling), thus removing the opportunity for work in these industries. It is this restriction on the economy's key factor of production, labour, that has resulted in the collapse of activity. Of course, without labour, much of the other factors of production go to waste as well. This collapse is nowhere better demonstrated than in the United States, where initial unemployment claims spiked to 3.3 million in a single week in March (up almost 12-fold from the previous week). They then jumped a further 6.6 million the following week (see Fig. 1), which is almost 10 times the previous record set during the global financial crisis (GFC).

The key point to be taken from all of this, is simply that, **economic activity will stop falling and start to recover when people can return to work**. Exactly when containment strategies can be wound back is unknown at this stage. There is much attention on China as a roadmap and recently Wuhan (the epicentre of the outbreak) has started to re-open a little over two months after the initial lockdown of the city. There is considerable uncertainty about whether this timeframe will be representative for the rest of the world and indeed, what will happen in Wuhan as freedom of movement returns. However, at this point in time, the data from the rest of China suggests reasons to be optimistic that we will be able to slowly get back to work once the spread of the virus has been controlled.

Once we can all get back to work, the productive capacity of the economy, as represented by the factors of production, will be largely undiminished and in theory, economic activity should quickly regain much of what has been lost. In practical terms though, many businesses that have been closed may never return, simply because they were marginal in the first instance, or as a result of bankruptcy. While the closure of these businesses will release resources that can be used in other activity, this takes time.

How quickly will activity return to prior levels? Looking to history, probably the most appropriate period for comparison is the GFC. During the GFC, the breakdown in the financial system saw business activity stifled due to a lack of funding, and similarly to today, resulted in a period of time where the productive capacity of economies could not be put to use. There was also a dramatic fall in activity, though not as rapid as we have experienced in recent weeks. After the major economies peaked in early 2008, it took the US economy just over three years to return to this level, Japan took five years, and Europe took seven years. Of course, this crisis has a different cause, and we still do not have a clear sense of the depth or length of the economic decline. All that can be stated with any confidence really, is that while the rebuilding will start the day we get back to work, it will take some time before we can recover to the previous highs in economic activity.

There is also the issue of government responses to the crisis. These vary significantly across countries, but generally the various fiscal and monetary policies that have been enacted can be grouped into two categories. Many countries have created lending facilities for companies that are struggling to finance their ongoing operations. Typically, the central bank is either directly offering funds to businesses, or indirectly via the banking system, often at concessional interest rates. These policies are aimed at ensuring companies do not fail as a result of not being able to access funds due to the short-term freeze in debt markets and banks trying to protect their positions. The goal of governments is to ensure people have jobs to go back to when we are through this period of containment. There has also been large-scale buying of financial instruments by central banks, which has played a similar role in ensuring that financial markets continue to remain open and able to provide funding to companies. The second key area of focus has been the provision of funding to individuals who have lost their jobs or have been temporarily laid off. The large percentage of workers who have lost employment are from relatively low-income roles in the tourism, retail, and other service industries, and typically have little room within their finances to sustain themselves through a period of unemployment. Payments to those impacted will ensure they can afford their weekly grocery bill and await the chance to search for work at a later point in time.

What is important to understand about these policies is that they achieve very little in the way of new activity. Simply, going back to first principles, if people can't work for whatever reason, economic activity will remain suppressed. It helps that a newly unemployed individual can afford the weekly grocery bill, but in the scheme of the broader loss of activity, this is marginal. The various policies ultimately aim to remove the worst-case outcomes from the economic collapse and they effectively do this by redistributing the burden of the crisis from those who are initially impacted (such as those who lose their jobs), across the broader community. While governments can spend money, they are not a source of economic activity. When they spend, they do this either by raising funds through taxation, borrowing money from the private sector (which then has to be paid for from future taxation receipts) or by printing money. The burden of today's spending measures by governments will either be funded from taxation (today or in the future) or through a loss of value in money or cash (i.e. inflation). It is not to say that these policies are not necessary. It is just to state that these are the mechanisms by which the burden is spread more broadly across all in society.

Fig. 2: Market Declines from 2020 Highs to Lows

COUNTRY	INDEX	2020 HIGH	2020 LOW	DECLINE HIGH TO LOW
USA	Russell 2000	17 January	18 March	-44%
Germany	DAX	17 February	16 March	-40%
Australia	ASX 200	20 February	23 March	-39%
USA	S&P 500	19 February	23 March	-35%
USA	Nasdaq	19 February	23 March	-33%
Japan	Topix	20 January	17 March	-31%
China	Hang Seng China Enterprises Index	20 January	19 March	-28%
China	Shanghai Composite	14 January	19 March	-15%

Source: FactSet. Returns are in local currency.
Historical performance is not a reliable indicator of future performance.

Once we do come out the other side of this crisis, it is likely that consumer and business confidence will recover slowly, especially in the light of the damage to household and corporate balance sheets. Additional government spending is likely to remain a feature of the environment, as governments attempt to fill the spending gap left by the private sector. At this point, such spending will aid in creating economic activity as it helps create employment. The future economy may potentially look quite different, as some industries may simply not recover and the growth path of others, such as e-commerce, information technology, renewal energy and healthcare, will be reinforced by today's events. Government spending on infrastructure, not just on the typical 'roads and bridges', but healthcare and efforts to decarbonise economies, seem likely. There will potentially be interesting challenges around the future funding of government initiatives given the deterioration in national balance sheets resulting from current policy initiatives.

In Summary:

- The current economic shock is a result of large numbers of people being unable to work as a result of the strategies to contain COVID-19. There can be no economic recovery until people can get back to work.
- Current government initiatives around the world will prevent worst-case economic outcomes and help share the costs of the downturn across society. Government policies will have little impact in creating activity until we start to move beyond containment strategies.
- Ultimately, a recovery in the economy will take hold, though it will take time to recover to 2019 levels and this may vary dramatically by country. Further, the make-up of our economies may be very different in the recovery period, compared with that of 2019.

The Markets

The response of stock markets to the unfolding pandemic has been swift, recording some of the largest and fastest declines on record. From peak levels in markets during the first weeks of 2020 to their lows in the second half of March, markets fell between 31% to 44% in local currency terms (see Fig. 2). The exception was China, which had already been in a protracted bear market for some time.

These are very significant adjustments by any standards, other than against the most significant bear markets in history. For reference, during the GFC the S&P 500 Index fell 57% from its peak in 2007 to its trough in early 2009, Germany fell 54%, Japan 61% and Australia 54%.[1] The comparison with the GFC is interesting, as the decline in economic activity in the current downturn has been far swifter. However, if the rest of the world follows the experience of Wuhan and is able to release the lockdowns after two to three months, the base in economic activity is likely to be reached relatively quickly.

As discussed above, the recovery in economic activity will begin when people can go back to work, though a full recovery will take time. However, markets will anticipate the full recovery well ahead of its actual occurrence. Post the GFC, stock markets rallied strongly in subsequent years, well ahead of the full economic recovery. Ultimately, the market is likely to reach its low at the point of greatest uncertainty. Potentially, we have already seen that occur as the major monetary and fiscal initiatives that were announced by governments at the end of March did reduce some of the worst-case scenarios as discussed earlier. On the other hand, there were rallies in markets of the order of 20% on two

1 All index and market returns in this Macro Overview are in local currency terms and sourced from FactSet unless otherwise specified.

occasions in the latter months of 2008, only for the market to falter and fall to new lows.

There remain many unanswered questions at this point. Besides the length of the lockdowns occurring around the world, the quantum of the economic loss is far from clear. Additionally, the impact of the slowdown on company profits is not linear. Companies with high fixed overheads will incur significant losses and will need to either take on debt or issue equity to survive. Others may find profits suppressed for a number of years if revenues remain subdued. Probably of greatest concern is what appears to be a highly disorganised response in the US, the world's largest economy.

Our view at the time of writing, is that markets will likely return to their recent lows and possibly fall further. It is likely that this will occur relatively quickly as many of the uncertainties outlined above will start to be better understood with each passing day. Our position may change quickly. Ultimately, what will guide our longer-term position is the value that we can see in current stock prices. We do this by taking a view on the earnings power of companies three to five years in the future, based on our assessment of their business prospects. We will adjust valuations for losses that we expect them to accrue during the worst of the downturn. We will assume a reasonable rebound in future economic activity in aggregate, but will not expect this to play out evenly across all industries. On this front, we have a mixed view. There are many extremely attractively priced companies, particularly in cyclical areas and those areas directly impacted, such as travel. On the other hand, many market darlings of recent years, while having been sold off, have continued to perform better than the broad market and remain expensive.

MSCI Regional Index Net Returns to 31.3.2020 (USD)

REGION	QUARTER	1 YEAR
All Country World	**-21.4%**	**-11.3%**
Developed Markets	**-21.1%**	**-10.4%**
Emerging Markets	**-23.6%**	**-17.7%**
United States	**-19.8%**	**-7.7%**
Europe	**-24.8%**	**-15.7%**
Germany	-27.0%	-17.5%
France	-27.6%	-17.7%
United Kingdom	-28.8%	-23.0%
Italy	-29.3%	-21.4%
Spain	-29.8%	-26.5%
Russia	-36.4%	-14.4%
Japan	**-16.8%**	**-6.7%**
Asia ex-Japan	**-18.4%**	**-13.4%**
China	-10.2%	-5.8%
Hong Kong	-17.3%	-21.1%
Korea	-22.4%	-16.8%
India	-31.1%	-30.9%
Australia	-33.2%	-26.3%
Brazil	-50.2%	-41.9%

Source: FactSet.
Total returns over time period, with net official dividends in USD.
Historical performance is not a reliable indicator of future performance.

MSCI All Country World Sector Index Net Returns to 31.3.2020 (USD)

SECTOR	QUARTER	1 YEAR
Energy	-43.9%	-44.6%
Financials	-31.7%	-22.2%
Materials	-27.2%	-21.3%
Industrials	-26.3%	-18.0%
Consumer Discretionary	-21.3%	-11.2%
Communication Services	-16.2%	-6.1%
Utilities	-15.0%	-6.0%
Consumer Staples	-13.9%	-6.0%
Information Technology	-13.7%	6.7%
Health Care	-11.4%	0.6%

Source: FactSet.
Total returns over time period, with net official dividends in USD.
Historical performance is not a reliable indicator of future performance.

The Journal

Visit www.platinum.com.au/Our-Products/PAI to find a repository of information about Platinum Asia Investments Limited (PAI) including:

- Performance and NTA history
- Dividend history and the Dividend Reinvestment Plan
- ASX releases and financial statements
- Monthly updates on performance, portfolio positioning and top 10 holdings.

You can find a range of thought-provoking articles and videos on our website. For ad hoc commentary on the latest market trends and investment themes, look up **The Journal** under **Insights & Tools**.

If you find yourself short on time to read our in-depth reports and articles, have a listen to our **audio podcasts** or watch brief market updates in **video** format.

A number of articles, webinars, videos and podcasts on COVID-19 (coronavirus) and the implications for markets were posted on our website during the past quarter.

Highlights include:

- **COVID-19: Demystifying this Frightening Disease.**[1] In this article, Dr Bianca Ogden, virologist and portfolio manager for the Platinum International Health Care Fund explains what the virus is, what makes it unique and the progress that has been made in developing a treatment and vaccine.
- **Dr Bianca Ogden talks COVID-19, Healthcare Stocks and what the Future Holds.**[2] Dr Bianca Ogden and Julian McCormack, Investment Specialist talk on a podcast with Gemma Dale at NAB.

We have continued to produce our **monthly video** series, however, we have delayed releasing them due to COVID-19, as we felt our investors would prefer to hear more about our thoughts on the virus, market outlook and portfolio positioning. We will release these at an appropriate time, so please keep an eye out for these on our website. One video we did release though, which was in keeping with the focus on health care and biotechs is below:

- **Biotechs – Driving Innovation and Evolution in Global Healthcare.**[3] Dr Bianca Ogden shares her excitement for the rapidly growing biotech sector. From gene sequencing, to new drug modalities and molecular profiling – biotechs are playing a leading role in transforming our lives.

1 https://www.platinum.com.au/Insights-Tools/The-Journal/COVID-19-Demystifying-this-Frightening-Disease
2 https://www.platinum.com.au/Insights-Tools/The-Journal/Audio-A-virologist-and-portfolio-manager-talks-C
3 https://www.platinum.com.au/Insights-Tools/The-Journal/Biotechs

Notes

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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. PAI's returns are calculated using PAI's pre-tax net tangible asset (NTA) backing per share (as released to the ASX monthly). PAI's returns are calculated after the deduction of fees and expenses, have been 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.**

   PAI's returns have been provided by Platinum. The MSCI All Country Asia ex-Japan Net Index (A$) returns have been sourced from FactSet. Index returns are in Australian Dollars and are inclusive of net official dividends, but do not reflect fees or expenses. For the purpose of calculating the "since inception" returns of the Index, PAI's portfolio inception date (15 September 2015) is used. Platinum does not invest by reference to the weightings of the Index. PAI's underlying assets are chosen through Platinum's bottom-up investment process and, as a result, PAI's holdings may vary considerably to the make-up of the Index. Index returns are provided as a reference only.

   The investment returns shown are historical and no warranty can be given for future performance. Historical performance is not a reliable indicator of future performance. Due to the volatility in PAI's underlying assets and other risk factors associated with investing, investment returns can be negative, particularly in the short-term.

2. The geographic disposition of assets (i.e. the positions listed other than "cash" and "shorts") represents, as a percentage of the market value of PAI's positions, PAI's effective exposures to the relevant countries/regions through direct securities holdings and long derivatives of stocks and indices. "Shorts" relates to the effective exposures to short securities and short securities/index derivative positions.

3. The table shows, as a percentage of PAI's portfolio value, PAI's exposures to the relevant sectors through direct securities holdings as well as both long and short derivatives of stocks and indices.

4. The table shows the effective net currency exposure of PAI's portfolio as a percentage of PAI's portfolio value, taking into account PAI's currency exposures through securities holdings, cash, forwards, and derivatives. The table may not exhaustively list all of PAI's currency exposures and may omit some minor exposures.

5. The table shows PAI's top 10 long equity positions as a percentage of PAI's portfolio value, taking into account direct securities holdings and long stock derivatives. The designation "China" in the "Country" column means that the company's business is predominantly based in mainland China, regardless of whether the company's securities are listed on exchanges within mainland China or on exchanges outside of mainland China.

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