

# Platinum Investment Bond - APIR Code: LIF7284AU

## Platinum Asia Fund



MONTHLY REPORT 30 June 2022

### FACTS

Portfolio value	\$2.03 mn
Option commenced	23 March 2021
Unit valuation	Adelaide Business Day
Net asset value (\$ per unit)	\$0.9215

### PERFORMANCE OF PLATINUM ASIA FUND <sup>1</sup>

	Fund %	MSCI %
1 month	4.6	(0.4)
3 months	3.7	(0.6)
6 months	(8.0)	(11.5)
Calendar year to date	(8.0)	(11.5)
1 year	(14.5)	(18.1)
2 years (compound pa)	3.9	2.4
3 years (compound pa)	7.3	2.8
5 years (compound pa)	7.7	5.4
7 years (compound pa)	6.5	5.5
10 years (compound pa)	11.8	9.8
Since inception (compound pa)	13.1	9.0

The returns shown are for the Platinum Asia Fund C Class (launched on 04 March 2003). It is one of the investment options available for investors in the Platinum Investment Bond, which was launched on 23 March 2021. Investors in the Platinum Investment Bond will not have experienced the returns prior to 23 March 2021 and the historical data is provided for information purposes only. **Past performance is not a reliable indicator of future returns.**

### INVESTED POSITIONS OF PLATINUM ASIA FUND <sup>3</sup>

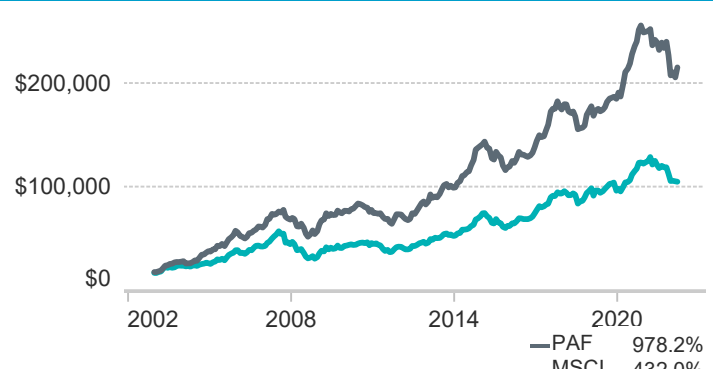
	LONG %	SHORT %	NET %	CCY %
<b>Asia-Pacific</b>	86.5	(1.0)	85.5	90.1
Australia				0.1
China	48.4		48.4	49.2
Hong Kong	4.3		4.3	7.8
Taiwan	5.2		5.2	5.2
India	9.1	(1.0)	8.1	8.4
Indonesia	0.6		0.6	0.6
Macao	1.5		1.5	1.5
Philippines	1.6		1.6	1.6
Singapore	1.4		1.4	1.5
South Korea	8.4		8.4	8.4
Vietnam	5.8		5.8	5.8
<b>Europe</b>				0.9
United Kingdom				0.9
<b>North America</b>				9.0
United States of America				9.0
<b>Sub-Total</b>	86.5	(1.0)	85.5	100.0
<b>Cash</b>	13.5	1.0	14.5	
<b>Total</b>	100.0		100.0	100.0

Long - 60 stocks, 1 swap Short - 1 swap, 1 index

### FEES

Investment management fee	1.05% p.a.
Administration fee	0.30% p.a.
Investing transaction costs	0.30% on contributions

### PERFORMANCE GRAPH OF PLATINUM ASIA FUND <sup>2</sup>



### TOP TEN POSITIONS OF PLATINUM ASIA FUND <sup>4</sup>

STOCK	COUNTRY	INDUSTRY	%
Taiwan Semiconductor	Taiwan	Info Technology	4.7
ZTO Express Cayman Inc	China	Industrials	4.3
Tencent Holdings Ltd	China	Comm Services	4.1
Vietnam Ent Investments	Vietnam	Other	4.1
Ping An Insurance Group	China	Financials	4.0
Samsung Electronics Co	South Korea	Info Technology	3.8
Alibaba Group Holding Ltd	China	Cons Discretionary	3.5
InterGlobe Aviation Ltd	India	Industrials	3.5
China Resources Land Ltd	China	Real Estate	3.3
Trip.com Group Ltd	China	Cons Discretionary	2.8
<b>Total</b>			<b>38.1</b>

### INDUSTRY BREAKDOWN OF PLATINUM ASIA FUND <sup>3</sup>

SECTOR	LONG %	SHORT %	NET %
Consumer Discretionary	20.4		20.4
Information Technology	14.6	(1.0)	13.6
Real Estate	13.0		13.0
Industrials	12.2		12.2
Financials	10.2		10.2
Communication Services	4.1		4.1
Consumer Staples	3.8		3.8
Materials	3.3		3.3
Health Care	0.8		0.8
Energy	0.1		0.1
Other	4.1		4.1

The Platinum Investment Bond ("Bond") is an investment bond issued by Lifeplan Australia Friendly Society Limited ABN 78 087 649 492 AFSL 237989. Platinum Investment Management Limited ABN 25 063 565 006 AFSL 221935 ("Platinum"), is the responsible entity of the Platinum Asia Fund ("PAF"), an underlying investment option of the Bond. The Bond's latest Product Disclosure Statement ("PDS") provides details about the Bond. You can obtain a copy of the PDS from Australian Unity's website [www.australianunity.com.au/platinum](http://www.australianunity.com.au/platinum), or by contacting their Investor Services on 1800 670 638. This information is general in nature and does not take into account your specific needs or circumstances. You should consider your own financial position, objectives and requirements and seek professional financial advice before making any financial decisions. Numerical figures are subject to rounding. Platinum does not guarantee the performance of the Bond or PAF, the repayment of capital or the payment of income. The market commentary reflects Platinum's views and beliefs at the time of preparation, which are subject to change without notice. No representations or warranties are made by Platinum as to their accuracy or reliability. To the extent permitted by law, no liability is accepted by Platinum for any loss or damage as a result of any reliance on this information.

1. & 2. Source: Platinum for PAF returns and Factset Research Systems for MSCI returns. Investment returns are calculated using PAF's NAV unit price (i.e. exclude a buy/sell spread), and represent the combined income and capital returns in the specified period. All returns are pre-tax, net of fees and costs and assume the reinvestment of distributions. The returns are calculated relative to the MSCI All Country Asia ex-Japan Net Index in A\$. The investment returns depicted in the graph are cumulative on A\$20,000 invested in PAF since inception (04 March 2003). **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 PAF's exposure to long securities and long securities/index derivative positions, the "Short %" is PAF's exposure to short securities and short securities/index derivative positions and the "Net %" is the difference between the "Long %" and the "Short %", each as a percentage of the market value of PAF's portfolio. The "Currency %" is the effective currency exposure of PAF's portfolio as a percentage of the market value of its portfolio, 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 PAF's top ten long securities positions as a percentage of the market value of PAF's portfolio (including long securities and long securities derivative positions).

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## Platinum Asia Fund

MONTHLY REPORT 30 June 2022

### MARKET UPDATE AND COMMENTARY

This commentary relates to the underlying fund, the Platinum Asia Fund.

- Strong performance by China.
- Chinese property developers are a case study.
- Updates on India and South Korea.

Performance in June was pleasing for the Fund, driven by our Chinese holdings. The Shanghai Composite has performed well in recent months relative to large regional peers India (Nifty) and Korea (KOSPI), as shown in the accompanying chart. Drivers of performance for the month were Chinese travel companies Trip.com and Huazhou, tech/consumer discretionary names Alibaba and JD.com, Ping An Insurance, and property developer China Resources Land. Among our larger detractors for the month were our semiconductor holdings Samsung Electronics, SK Hynix and Taiwan Semiconductor Manufacturing.

#### Chinese property developers contribute strongly

The performance of our Chinese property developer holdings over the past year has been pleasing: China Resources Land is up approximately 23% in Australian dollars (AUD); and China Overseas Land & Investment is up approximately 42% in AUD (Source: FactSet). These are emblematic of our approach, particularly in China. These are large companies, with long track records of earnings growth, sound balance sheets, operating in an industry that is essential for ongoing Chinese development, and they are advantaged by official pressure on smaller and highly geared competitors, in our estimation.

Property development presents a case study in what our peers call “political risk” in China. A highly interventionist and methodical state regularly announces areas of concern: corruption, pollution, excessive speculation or gearing and so on, and then action follows. This gives investors time to analyse and decide a course of action. In the case of property developers, we decided that the larger and well-capitalised developers presented excellent opportunities. We can still make mistakes of course, but this is a fault of analysis, not “political risk”.

#### India

Indian equities have come under pressure in recent months as energy prices bite and inflation has remained above the Reserve Bank of India's upper threshold of 6% p.a. since February, with a last available reading of 7% in May (Source: Bloomberg). At the same time, unemployment has remained stubbornly high (7.7% in June), but the situation is more serious than this suggests, with a participation rate of just 40% of working age Indians, and only 9% of women, in the labour market, according to the Centre for Monitoring the Indian Economy (Source: Bloomberg, *The Economist*).

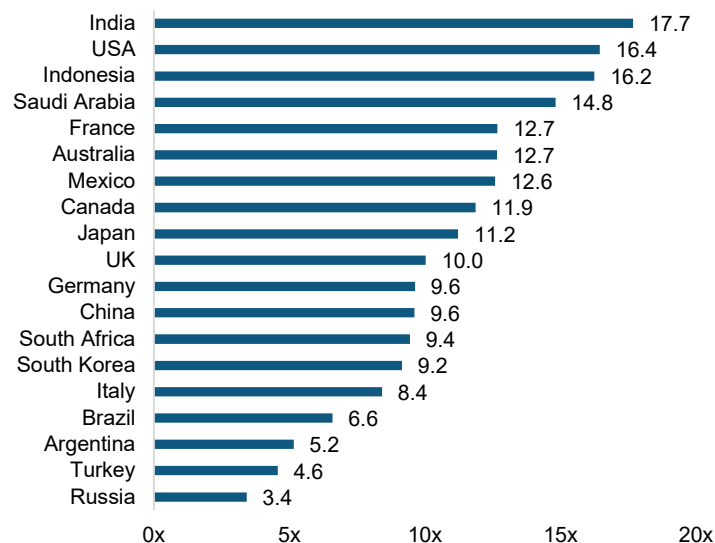
In response to high energy prices, at the end of June, the Modi Government announced an increase in diesel and gasoline export duties, along with a windfall tax on domestic oil production and a reserving policy for the domestic market. This is unlikely to solve India's long-term reliance on imported energy and vulnerability to high oil prices, in our view.

In all, India remains an expensive equity market, and very much the emerging market that global investors can hold in preference to China. Earnings growth is rapid, but it is hardly an economy without challenges – hence our relatively modest holdings (see accompanying charts and portfolio data).

#### South Korea

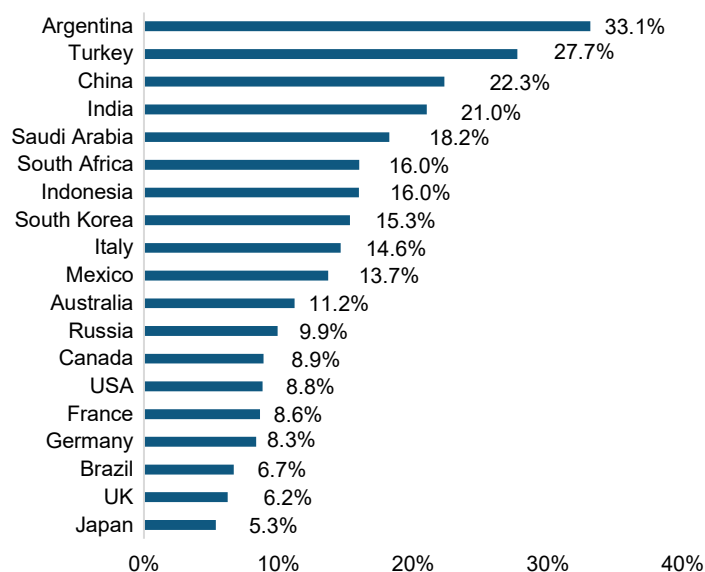
Following a decade of the slowest GDP growth in the country's history, South Korea enjoyed GDP growth of 4% in 2021, its highest reading since 2010 (Source: World Bank). Now, however, the country faces inflation of 6% in June and has recorded 15 straight months of inflation above the Bank of Korea's target of 2%, contributing to significant pressure for Korean equities (Source: CNBC). Korea has a challenging domestic economy, competing with the North Asian giants, but in our view the country produces some fine businesses: our holdings in Korea are limited to chip makers Samsung Electronics and SK Hynix, plus petrochemicals and battery material company LG Chem.

Major market price-earnings ratios - Next 12 months



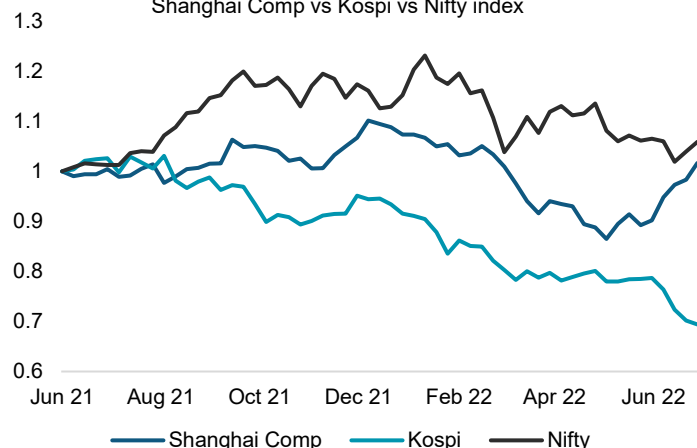
Source: Chart 1 – IBES consensus, in local currency. Correct as at 5 July 2022.

Earnings per share growth - Next 12 months



Source: Chart 2 – IBES consensus, in local currency. Correct as at 5 July 2022.

Shanghai Comp vs Kospi vs Nifty index



Source: Chart 3 – FactSet from 6/6/2021 to 3/7/2022