

# Platinum Investment Bond - APIR Code: LIF7284AU

## Platinum Asia Fund



MONTHLY REPORT 30 September 2022

### FACTS

Portfolio value	\$1.95 mn
Option commenced	23 March 2021
Unit valuation	Adelaide Business Day
Net asset value (\$ per unit)	\$0.8676

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

	Fund %	MSCI %
1 month	(5.4)	(7.0)
3 months	(8.8)	(7.8)
6 months	(5.5)	(8.4)
Calendar year to date	(16.1)	(18.4)
1 year	(17.9)	(20.0)
2 years (compound pa)	(5.3)	(4.7)
3 years (compound pa)	3.9	0.3
5 years (compound pa)	4.1	2.8
7 years (compound pa)	6.4	5.7
10 years (compound pa)	9.9	8.1
Since inception (compound pa)	12.4	8.5

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>

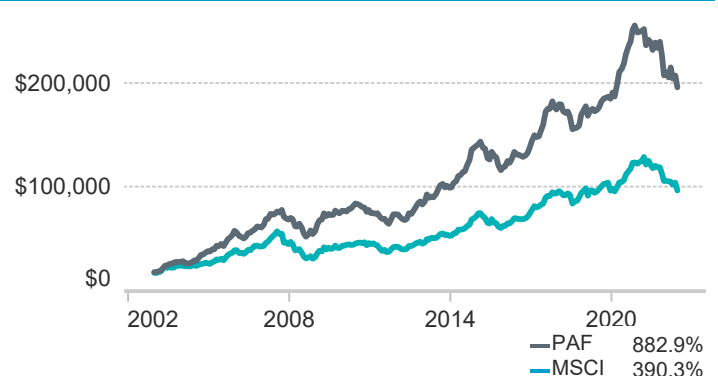
	LONG %	SHORT %	NET %	CCY %
<b>Asia-Pacific</b>	92.2	(1.1)	91.1	97.3
Australia				1.9
China	49.5		49.5	50.4
Hong Kong	4.4		4.4	7.3
Taiwan	5.3		5.3	5.4
India	10.4	(1.1)	9.3	9.5
Indonesia	0.7		0.7	0.7
Macao	1.9		1.9	1.9
Philippines	2.0		2.0	2.0
Singapore	1.7		1.7	1.9
South Korea	10.0		10.0	10.0
Vietnam	6.4		6.4	6.4
<b>Europe</b>				1.1
United Kingdom				1.1
<b>North America</b>				1.6
United States of America				1.6
<b>Sub-Total</b>	92.2	(1.1)	91.1	100.0
<b>Cash</b>	7.8	1.1	8.9	
<b>Total</b>	100.0		100.0	100.0

Long - 65 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	%
InterGlobe Aviation Ltd	India	Industrials	4.8
Taiwan Semiconductor	Taiwan	Info Technology	4.8
ZTO Express Cayman Inc	China	Industrials	4.8
Vietnam Ent Investments	Vietnam	Other	4.3
Samsung Electronics Co	South Korea	Info Technology	4.0
Ping An Insurance Group	China	Financials	4.0
Tencent Holdings Ltd	China	Comm Services	3.8
China Resources Land Ltd	China	Real Estate	3.5
Trip.com Group Ltd	China	Cons Discretionary	3.4
Alibaba Group Holding Ltd	China	Cons Discretionary	3.0
<b>Total</b>			<b>40.4</b>

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

SECTOR	LONG %	SHORT %	NET %
Consumer Discretionary	21.7		21.7
Industrials	13.6		13.6
Information Technology	14.6	(1.1)	13.5
Real Estate	13.5		13.5
Financials	11.5		11.5
Consumer Staples	4.3		4.3
Communication Services	3.8		3.8
Materials	3.7		3.7
Health Care	1.0		1.0
Energy	0.1		0.1
Other	4.3		4.3

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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### MARKET UPDATE AND COMMENTARY

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

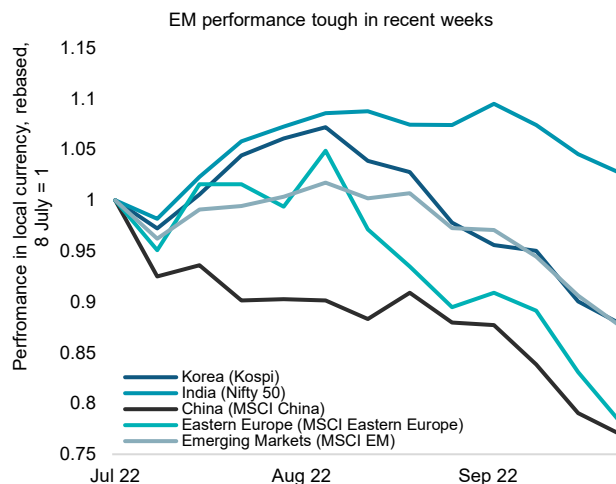
- Amid tough markets, Chinese property stocks performed well in September.
- The Chinese economy is sluggish – it is not collapsing.

September was a difficult month in terms of performance in Asia. We think this is the product of yet further risk aversion, with emerging markets selling off almost in unison across Asia and emerging markets in general – see chart 1. It will surprise many that, in a very tough market, four of our top ten stocks for the month were Chinese property developers: Hang Lung, China Vanke, China Overseas Land & Investment and China Resources Land all made strong contributions in September. Detractors for the month included many of the region's largest, most liquid and well-known names: Taiwan Semiconductor Manufacturing, Tencent, Samsung Electronics, JD.com, SK Hynix and Alibaba were all among our largest detractors for the month.

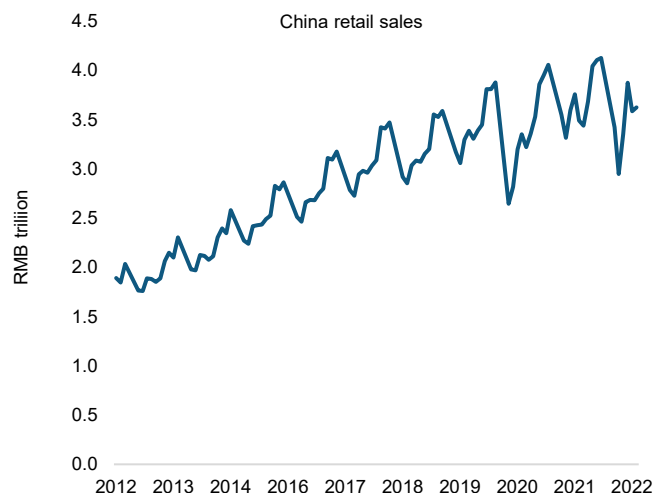
In Chinese equities, the discount between Hong Kong-listed Chinese stocks (H-shares) and Chinese-listed stocks (A-shares) at the end of September was close to a decadal high, as per data from Bloomberg. The significance of this is that global investors can short in Hong Kong, and tend to own Chinese shares via Hong Kong where they wish to have Chinese exposure, such that when the H-share discount expands it is a reasonable indicator that global sentiment toward China is worse than that of domestic Chinese investors, in our view.

We have written at length previously about the situation in China's housing market. In short, there is a controlled process of instilling credit risk into a system that was viewed by many as a guaranteed market. This is painful. It is also necessary. Further, it advantages the large and well-capitalised property developers, in our view. More broadly, there is no indication to us that the Chinese economy is in crisis: power demand is growing, rail freight volumes are growing, and consumer spending has been crimped by lockdowns and the property slowdown, which is sluggish at worst: please see accompanying charts.

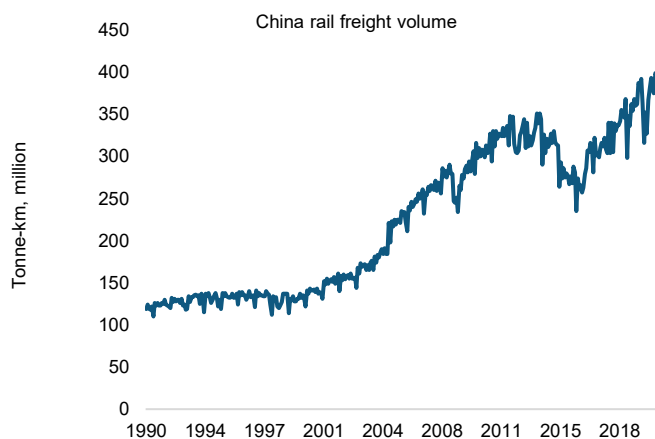
China, and Asia by extension, is cheap, is disliked by investors, and the reality, in our view, is far less alarming than many in the West believe. We cannot know when, but we can be reasonably assured that China will reach some accommodation with regards to COVID-19, and that it will continue to deal with its issues in the property sector, just as it did with over investment in industrial capacity and its shadow banking issues previously.



Source: Chart 1 – Index returns closing prices, 8 July 22 to 30 Sep 22. FactSet.



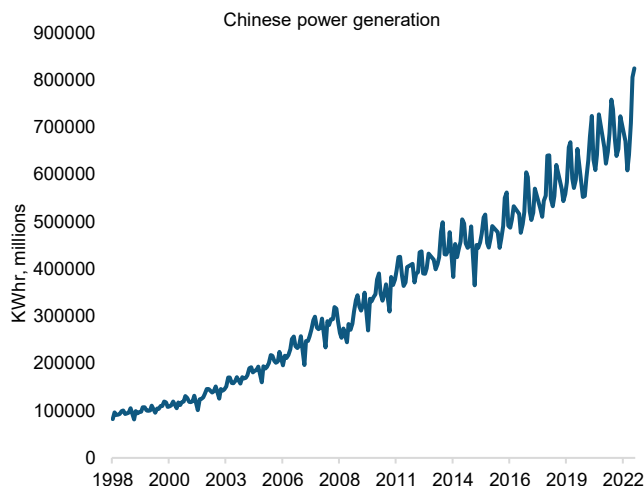
Source: Chart 2 – China retail sales. FactSet



Source: Chart 4 – Chinese rail freight volume. FactSet



Source: Chart 5 – IBES consensus, in local currency. Correct as at 7 October 2022.



Source: Chart 3 – Chinese power generation in Kwh, millions. FactSet.