

Platinum Investment Bond - APIR Code: LIF7284AU

Platinum Asia Fund



MONTHLY REPORT 31 March 2024

FACTS

Portfolio value	\$1.45 mn
Option commenced	23 March 2021
Unit valuation	Adelaide Business Day
Net asset value (\$ per unit)	\$0.9550

FEES

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

PERFORMANCE

Please refer to <https://www.australianunity.com.au/wealth/platinum> for latest performance information.

INVESTED POSITIONS OF PLATINUM ASIA FUND ¹

	LONG %	SHORT %	NET %	CCY %
Asia-Pacific	97.8	(0.3)	97.5	99.4
China	45.0		45.0	45.1
Hong Kong	1.7		1.7	2.7
Taiwan	8.9		8.9	9.0
India	7.7		7.7	7.9
Indonesia	4.8		4.8	4.8
Philippines	3.0		3.0	3.0
South Korea	16.7	(0.3)	16.4	16.5
Thailand	1.8		1.8	1.9
Vietnam	7.4		7.4	7.4
Other Asia-Pacific	0.8		0.8	1.1
Europe				0.5
Other Europe				0.5
North America				0.1
Other North America				0.1
Sub-Total	97.8	(0.3)	97.5	100.0
Cash	2.2	0.3	2.5	
Total	100.0		100.0	100.0

Long - 59 stocks, 1 swap Short - 1 swap

TOP TEN POSITIONS OF PLATINUM ASIA FUND ²

STOCK	COUNTRY	INDUSTRY	%
Taiwan Semiconductor	Taiwan	Info Technology	8.0
SK Hynix Inc	South Korea	Info Technology	6.5
Samsung Electronics Co	South Korea	Info Technology	6.5
Vietnam Ent Investments	Vietnam	Other	5.1
InterGlobe Aviation Ltd	India	Industrials	5.0
ZTO Express Cayman Inc	China	Industrials	4.4
JD.com Inc	China	Cons Discretionary	3.6
Tencent Holdings Ltd	China	Comm Services	3.6
Trip.com Group Ltd	China	Cons Discretionary	3.2
China Resources Land Ltd	China	Real Estate	3.1
Total			48.9

INDUSTRY BREAKDOWN OF PLATINUM ASIA FUND ¹

SECTOR	LONG %	SHORT %	NET %
Information Technology	22.0		22.0
Consumer Discretionary	19.4		19.4
Industrials	16.5		16.5
Real Estate	12.8		12.8
Financials	8.7		8.7
Communication Services	4.4		4.4
Consumer Staples	3.6		3.6
Materials	3.5	(0.3)	3.2
Health Care	1.7		1.7
Energy	0.1		0.1
Other	5.1		5.1

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, 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. 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".

1. and 2. 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.

2. 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.

- The Platinum Asia Fund returned +2.6% for March 2024 and +1.6% for the rolling 12 months.
- This compares to the MSCI All Country Asia ex Japan Index (AUD) that returned 2.3% for March 2024.
- Our investments in South Korean chip companies were the main contributor to performance, followed by our Chinese holdings.
- Even though valuations in the Chinese market are back to GFC lows, we're very careful when selecting investments in China. We're looking for domestic champions with low levels of debt at compelling valuations.

Performance Analysis*

PAF's South Korean holdings contributed 1.4% to the Fund's monthly return, led by the chip companies, SK Hynix and Samsung Electronics Co. This is the primary way we are playing the AI thematic. When a multipurpose technology such as AI (like the introduction of the internet and data on mobiles) it is important to pay attention because it will have widespread applications. However, it is very difficult to determine who will profit from the technology in the early stages of adoption. By investing in the chip companies that service a variety of technology/application companies, we're investing in the "picks and shovels" - the beneficiaries of the increased spend on AI rather than trying to pick one or two technology/application companies that may - or may not - win the AI race.

Chinese holdings contributed 0.8% to the monthly return. JD.com was the best performing Chinese stock in the portfolio, contributing 0.65%. JD.com is one of China's top three e-commerce platforms and is a good example of how extreme valuations have become. E-commerce in China has a very high penetration rate, approximately 30% of retail sales are online. This compares to America in the high teens and Australia in the low teens. JD.com's revenue is derived from China's domestic market, so is largely insulated from any potential geopolitical escalation or introduction of tariffs. The business generated US\$3.3bn in net profit last year and its market capitalisation is almost entirely covered by its cash holdings, i.e. an investor can buy this company and get the highly profitable operating business for almost nothing.

It's important to note that we are very careful when selecting investments in China. We're looking for well run companies with strong moats, low levels of debt and attractive valuations. We prefer domestically focussed businesses such as JD.com because we believe they are better insulated from geopolitical tensions. Having said that, we also own world leading companies such as CATL that produce low cost batteries for EVs.

As at the end of March 2024, the Fund has a very high net invested position, approximately 98%, comprising of no shorts and less than 3% cash. This reflects our high levels of conviction in the stocks in our portfolio and the very low valuations we are seeing in the region. This presents a very compelling investment opportunity for true long-term investors.

An attractively valued portfolio

The Fund's aggregate valuation metrics are attractive in both an absolute sense and relative to the market, with a ~18% higher earnings yield and ~7% discount to book value (see table below).

Metric	Platinum Asia Fund	MSCI AC Asia Ex Japan Index (A\$)
NTM Earnings Yield	9.2% (Price to earnings ratio 10.9x)	7.8% (Price to earnings ratio 12.8x)
NTM Dividend Yield	3.0%	3.0%
NTM Enterprise Value-to-Sales	1.3x	1.5x
LTM Price-to-Book Ratio	1.4x	1.5x

The valuations in the table have been calculated by Platinum and for the Fund refer to the long portion of the portfolio, exclude negative net earnings and use FactSet consensus earnings. MSCI data is sourced from Rimes, FactSet and Platinum. As at 31 March 2024. NTM = next twelve months. LTM = last twelve months.

*Source: Platinum. Contribution numbers are based on the total return of individual positions (in AUD) and are gross as they do not take into account the Fund's fees and costs (other than brokerage). **Past performance is not a reliable indicator of future returns.**