

# Platinum Investment Bond - APIR Code: LIF7284AU

## Platinum Asia Fund



MONTHLY REPORT 31 August 2022

### FACTS

Portfolio value	\$2.02 mn
Option commenced	23 March 2021
Unit valuation	Adelaide Business Day
Net asset value (\$ per unit)	\$0.8996

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

	Fund %	MSCI %
1 month	1.4	1.8
3 months	0.9	(1.3)
6 months	(8.5)	(7.5)
Calendar year to date	(11.3)	(12.3)
1 year	(14.1)	(16.6)
2 years (compound pa)	(1.5)	(0.3)
3 years (compound pa)	6.2	3.2
5 years (compound pa)	6.0	4.5
7 years (compound pa)	7.1	6.7
10 years (compound pa)	11.3	9.6
Since inception (compound pa)	12.8	8.9

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>

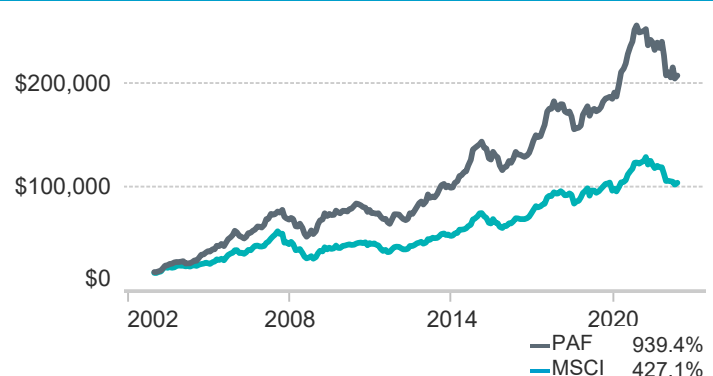
	LONG %	SHORT %	NET %	CCY %
<b>Asia-Pacific</b>	91.9	(1.1)	90.8	97.9
Australia				3.2
China	48.4		48.4	49.3
Hong Kong	4.1		4.1	6.7
Taiwan	5.8		5.8	5.8
India	10.6	(1.1)	9.5	9.7
Indonesia	0.6		0.6	0.6
Macao	1.6		1.6	1.6
Philippines	2.3		2.3	2.3
Singapore	1.6		1.6	1.8
South Korea	10.6		10.6	10.6
Vietnam	6.4		6.4	6.4
<b>Europe</b>				1.0
United Kingdom				1.0
<b>North America</b>				1.2
United States of America				1.2
<b>Sub-Total</b>	91.9	(1.1)	90.8	100.0
<b>Cash</b>	8.1	1.1	9.2	
<b>Total</b>	100.0		100.0	100.0

Long - 63 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	5.3
InterGlobe Aviation Ltd	India	Industrials	4.7
ZTO Express Cayman Inc	China	Industrials	4.6
Vietnam Ent Investments	Vietnam	Other	4.4
Samsung Electronics Co	South Korea	Info Technology	4.2
Tencent Holdings Ltd	China	Comm Services	4.1
Ping An Insurance Group	China	Financials	3.9
China Resources Land Ltd	China	Real Estate	3.2
SK Hynix Inc	South Korea	Info Technology	3.1
Alibaba Group Holding Ltd	China	Cons Discretionary	3.1
<b>Total</b>			<b>40.7</b>

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

SECTOR	LONG %	SHORT %	NET %
Consumer Discretionary	20.9		20.9
Information Technology	15.5	(1.1)	14.4
Industrials	13.5		13.5
Real Estate	13.1		13.1
Financials	11.2		11.2
Consumer Staples	4.3		4.3
Communication Services	4.1		4.1
Materials	3.9		3.9
Health Care	0.9		0.9
Energy	0.1		0.1
Other	4.4		4.4

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



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### MARKET UPDATE AND COMMENTARY

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

- Update on major Indian holdings.
- Taiwan tension but some other signs of progress.

The Fund saw reasonable performance in August, with Chinese technology firms JD.com and Tencent performing well, along with Indian airline operator InterGlobe Aviation. Our semiconductor holdings were detractors, notably Samsung Electronics and SK Hynix.

#### Update on major Indian holdings

Major holding InterGlobe Aviation reported its Indian financial year first quarter 2023 results during the month. InterGlobe is the operator of India's largest airline, IndiGo. The company saw revenue growth of over 300% from the Covid-affected first quarter of FY2022. The business was in a small loss-making position at the operating level in the quarter, however, it has been profitable in prior recent quarters. More importantly, the industry appears to be behaving rationally under the aegis of IndiGo's dominant position and clear intention to push prices higher to maintain industry economics rather than compete on price. Ticket pricing is returning to close to pre-Covid levels, and industry volume growth remains impressive. IndiGo has a 57% market share in the domestic Indian aviation market. The company is a good example of the kind of growth story available in Asia, having grown from one plane in 2006 to a fleet of 279 today, operating over 1,600 daily flights. We think InterGlobe is trading on very low multiples of forward earnings (Source: Company filings).

Macrotech Developers is a Mumbai-focused property developer with a large land bank in India's rapidly growing commercial capital. Macrotech is targeting price growth in line with or below household income growth, and is looking to grow its mid-tier property activities in line with India's burgeoning middle class. We think the company can sustain around 20% p.a. growth rates, as India's low rate of urbanisation increases in the coming decades (see chart 3), and as the company grows its business in Mumbai and penetrates new markets, similar to its recently announced entry into the Bangalore market. Further, Macrotech's balance sheet is conservative with net debt to equity below 1 and net debt of less than three times 2022 EBITDA (Source: Company filings).

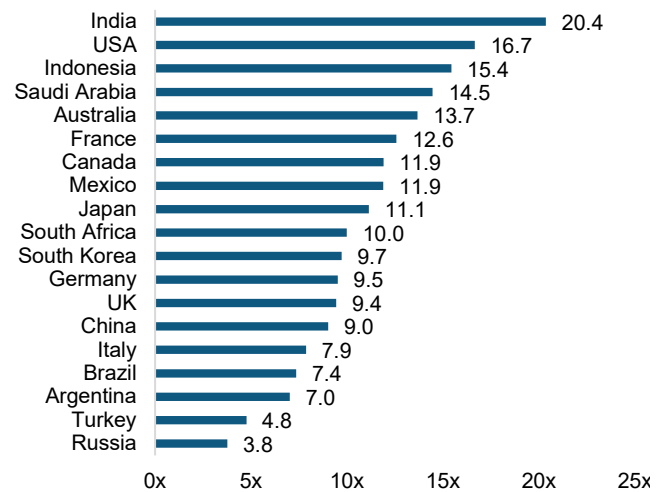
#### Taiwan tension, but other signs of progress

The month of August started with more geopolitical tension, heightened by a visit from the Speaker of the United States House of Representatives, Nancy Pelosi, to Taiwan, which appeared to trigger Chinese military exercises around Taiwan. Amid the headlines, it is worth highlighting other areas of order and de-escalation.

In late August, the US Securities and Exchange Commission (SEC) announced that it had signed a "Statement of Protocol" with the China Securities Regulatory Commission (CSRC) and the Ministry of Finance of the People's Republic of China to allow for investigations and inspections by officials from the Public Company Accounting Oversight Board (PCAOB) in the US. The agreement appears significant: according to the SEC, "it marks the first time the US has received such detailed and specific commitments from China that they would allow PCAOB inspections and investigations meeting US standards" (Source: <https://www.sec.gov/news/statement/gensler-audit-firms-china-hong-kong-20220826>).

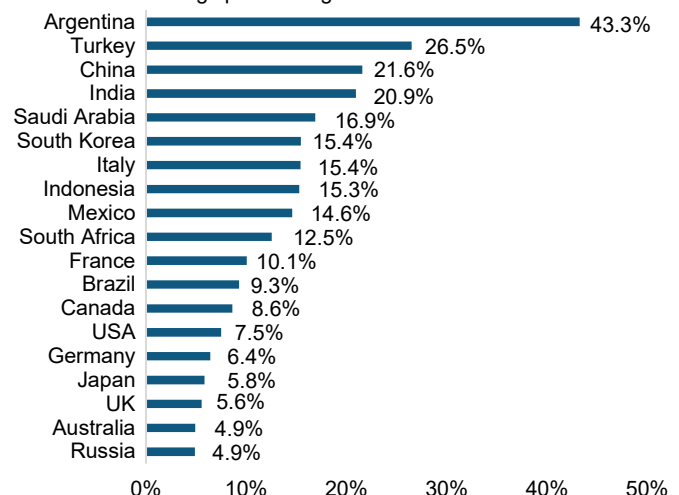
While Taiwan remains a flash point, other geopolitical fault lines between China, the US, and regional players seem to have diminished, in our view. We would ask readers to attempt to recall the last time they heard the words "South China Sea". There has been a demonstrable lessening of military and pseudo-military clashes in the region (Source: <https://csis-ilab.github.io/cpower-viz/csis-china-sea/>; credit to Marko Papić for highlighting this).

Major market price-earnings ratios - Next 12 months

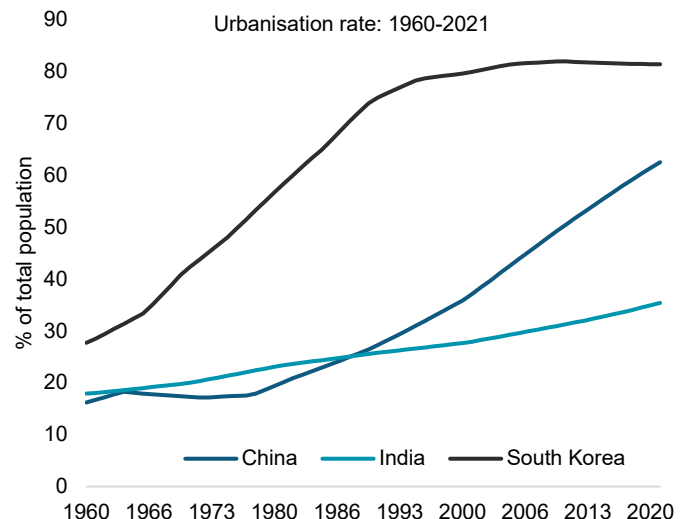


Source: Chart 1 – IBES consensus, in local currency. Correct as at 6 September 2022.

Earnings per share growth - Next 12 months



Source: Chart 2 – IBES consensus, in local currency. Correct as at 6 September 2022.



Source: Chart 3 – United Nations Population Division. World Urbanization Prospects: 2018 Revision. Correct as at 6 September 2022.