

# Platinum Investment Bond - APIR Code: LIF7284AU

## Platinum Asia Fund



MONTHLY REPORT 28 February 2023

### FACTS

Portfolio value	\$2.31 mn
Option commenced	23 March 2021
Unit valuation	Adelaide Business Day
Net asset value (\$ per unit)	\$0.9195

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

	Fund %	MSCI %
1 month	(4.1)	(2.6)
3 months	2.5	(0.1)
6 months	3.3	(0.4)
Calendar year to date	1.0	1.4
1 year	(5.5)	(7.9)
2 years (compound pa)	(8.4)	(8.3)
3 years (compound pa)	4.6	(0.2)
5 years (compound pa)	3.8	2.0
7 years (compound pa)	9.0	7.8
10 years (compound pa)	9.4	7.9
Since inception (compound pa)	12.6	8.6

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>

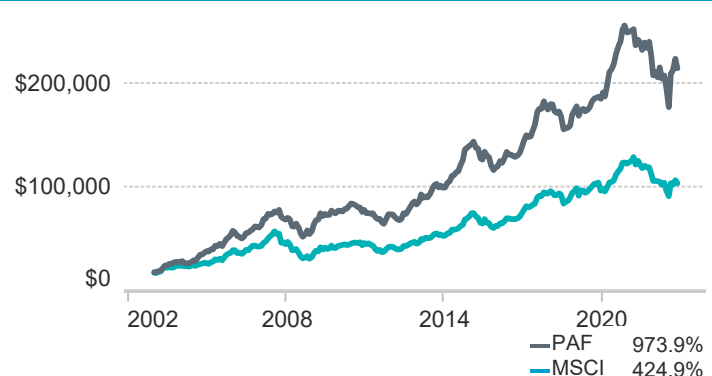
	LONG %	SHORT %	NET %	CCY %
<b>Asia-Pacific</b>	94.1	(5.4)	88.7	93.2
Australia				0.5
China	51.6	(0.3)	51.4	53.0
Hong Kong	3.9		3.9	5.4
Taiwan	6.3		6.3	6.3
India	6.9	(5.1)	1.8	2.0
Indonesia	0.8		0.8	0.8
Macao	2.0		2.0	2.0
Philippines	2.6		2.6	2.6
Singapore	1.0		1.0	1.5
South Korea	12.5		12.5	12.6
Thailand	0.8		0.8	0.8
Vietnam	5.9		5.9	5.9
<b>Europe</b>				0.1
United Kingdom				0.1
<b>North America</b>				6.7
United States of America				6.7
<b>Sub-Total</b>	94.1	(5.4)	88.7	100.0
<b>Cash</b>	5.9	5.4	11.3	
<b>Total</b>	100.0		100.0	100.0

Long - 64 stocks, 1 swap Short - 2 swaps, 2 indices

### 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	5.5
Samsung Electronics Co	South Korea	Info Technology	4.6
Ping An Insurance Group	China	Financials	4.6
ZTO Express Cayman Inc	China	Industrials	4.6
Vietnam Ent Investments	Vietnam	Other	4.0
InterGlobe Aviation Ltd	India	Industrials	3.9
Tencent Holdings Ltd	China	Comm Services	3.7
China Resources Land Ltd	China	Real Estate	3.4
Trip.com Group Ltd	China	Cons Discretionary	3.2
SK Hynix Inc	South Korea	Info Technology	3.2
<b>Total</b>			<b>40.6</b>

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

SECTOR	LONG %	SHORT %	NET %
Consumer Discretionary	20.2		20.2
Information Technology	15.9	(1.2)	14.7
Industrials	13.7		13.7
Real Estate	13.4		13.4
Financials	11.9		11.9
Materials	5.3		5.3
Consumer Staples	4.8	(0.3)	4.5
Communication Services	3.7		3.7
Health Care	1.1		1.1
Energy	0.1		0.1
Other	4.0	(3.9)	0.1

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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### MARKET UPDATE AND COMMENTARY

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

- The Fund returned -4.1% in February, after a very strong 26% return in the previous three months.
- Asian indices were largely lower as the markets consolidated the strong positive move seen in recent months.
- We remain confident in our positions across the region, though are mindful of geopolitical tensions.

#### Market Commentary

##### China's reopening rally pauses

Positive data on new home prices rising for the first time in a year couldn't prevent China's reopening rally from pausing in February as markets pondered the depth of the broader economic recovery (source: Reuters). Investors also grappled with prospects for higher-for-longer US interest rates, ongoing US-China tensions and a dearth of news flow from China ahead of the National People's Congress in early March. Geopolitical tensions between China and the US continued over the month, initially after a Chinese balloon was shot down over the US and then on reports that Beijing was considering supplying weapons to Moscow. Platinum's contrarian investment approach seeks out stocks that the market is overlooking or mispricing due to change. We believe that the Chinese equity market falls into the first category. Having said that, we are very mindful of the geopolitical tensions around China and seek to primarily invest in companies that manufacture and/or have their major source of revenue within China, with compelling medium-term prospects and valuations.

##### Gains pared in large-cap tech stocks

Investors were worried over a potential squeeze on margins after several Chinese internet names announced large-scale expansion plans. After these companies withheld investment during the government regulatory crackdown on technology companies and the COVID lockdown periods, Meituan said it would hire more people in Hong Kong to take on ByteDance, and JD.com announced a subsidy program to compete against Pinduoduo. Sentiment among technology names was also dampened by the disappearance of Renaissance's CEO and speculation that Beijing could be looking to focus its regulatory attention back on this sector again.

##### Elsewhere in Asia

The India S&P BSE SENSEX weakened 1.0% in February (source: FactSet), with sentiment still bruised by losses in Adani Group stocks (please note we don't hold any Adani Group stocks in the Fund). The Adani Group is said to have faced a margin call before the repayment of a US\$1.1 billion loan, and it unexpectedly cancelled its follow-up public offer and offered to prepay some loans backed by share pledges. As we said in our January 2023 monthly report, we have recently viewed the Indian equity market as expensive and have not been able to find many investments there that meet Platinum's criteria of being overlooked and unloved by the broader market and also offering an attractive starting valuation.

#### Performance Analysis\*

Performance was lower in February, with the Fund down 4.1% for the month compared to the MSCI AC Asia Ex Japan Index, which fell 2.6%. This short-term result is not unexpected given the strength of the recovery from the lows in October 2022. Top contributors to February's performance were Chinese diesel engine developer and manufacturer Weichai Power, Hong Kong property developer Hang Lung Properties and a short position over India's Nifty Index. Detractors included Chinese e-commerce website JD.com, Chinese parcel delivery service ZTO Express and Chinese tech stock Alibaba Group.

#### Valuation

Given the Fund's stronger-than-market performance in the December 2022 quarter and in the month of January 2023, it is no surprise that the portfolio's aggregate earnings yield is slightly lower than the market (see table below). We continue to focus on finding businesses that have better long-term growth prospects than the opportunity set but are at attractive valuations.

Metric	Platinum Asia Fund	MSCI AC Asia Ex Japan Index (A\$)
NTM Earnings Yield	7.6% (Price to earnings ratio 13.2x)	7.9% (Price to earnings ratio 12.7x)
NTM Dividend Yield	2.6%	3.2%
NTM Enterprise Value-to-Sales	1.4x	1.1x
LTM Price-to-Book Ratio	1.5x	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. As at 28 February 2023. 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.**