

Platinum Investment Bond - APIR Code: LIF7284AU

Platinum Asia Fund



MONTHLY REPORT 31 August 2023

FACTS

Portfolio value	\$2.44 mn
Option commenced	23 March 2021
Unit valuation	Adelaide Business Day
Net asset value (\$ per unit)	\$0.9394

PERFORMANCE OF PLATINUM ASIA FUND ¹

	Fund %	MSCI %
1 month	(4.0)	(2.6)
3 months	2.4	1.9
6 months	3.2	5.7
Calendar year to date	4.2	7.1
1 year	6.6	5.2
2 years (compound pa)	(4.3)	(6.3)
3 years (compound pa)	1.1	1.5
5 years (compound pa)	5.0	3.1
7 years (compound pa)	7.3	6.5
10 years (compound pa)	9.2	7.8
Since inception (compound pa)	12.5	8.7

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 ³

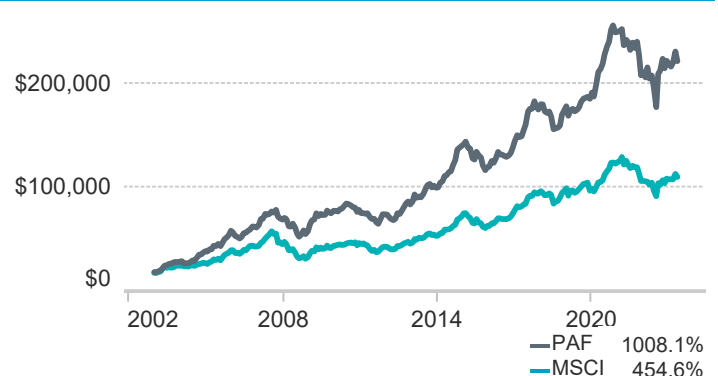
	LONG %	SHORT %	NET %	CCY %
Asia-Pacific	94.8	(3.1)	91.7	95.7
China	48.2		48.2	50.6
Hong Kong	2.4		2.4	3.4
Taiwan	6.6		6.6	6.6
India	7.3	(2.3)	4.9	5.3
Indonesia	2.4		2.4	2.4
Philippines	2.5		2.5	2.5
Singapore	1.2		1.2	1.2
South Korea	14.0	(0.8)	13.2	13.2
Thailand	1.8		1.8	1.9
Vietnam	7.5		7.5	7.5
Other Asia-Pacific	0.9		0.9	1.1
North America				4.3
United States of America				4.3
Sub-Total	94.8	(3.1)	91.7	100.0
Cash	5.2	3.1	8.3	
Total	100.0		100.0	100.0

Long - 65 stocks, 1 swap Short - 3 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 ²



TOP TEN POSITIONS OF PLATINUM ASIA FUND ⁴

STOCK	COUNTRY	INDUSTRY	%
Taiwan Semiconductor	Taiwan	Info Technology	5.8
Samsung Electronics Co	South Korea	Info Technology	5.4
Vietnam Ent Investments	Vietnam	Other	5.1
ZTO Express Cayman Inc	China	Industrials	4.8
SK Hynix Inc	South Korea	Info Technology	4.5
Ping An Insurance Group	China	Financials	4.2
InterGlobe Aviation Ltd	India	Industrials	4.2
Tencent Holdings Ltd	China	Comm Services	3.7
China Resources Land Ltd	China	Real Estate	3.5
Midea Group Co Ltd	China	Cons Discretionary	3.0
Total			44.0

INDUSTRY BREAKDOWN OF PLATINUM ASIA FUND ³

SECTOR	LONG %	SHORT %	NET %
Consumer Discretionary	20.1		20.1
Information Technology	17.4	(1.0)	16.4
Industrials	15.1	(0.2)	14.9
Real Estate	12.8		12.8
Financials	10.4		10.4
Communication Services	3.9		3.9
Consumer Staples	3.9		3.9
Materials	4.4	(0.6)	3.8
Health Care	1.5		1.5
Energy	0.1		0.1
Other	5.1	(1.3)	3.8

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. & 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.

- The Fund returned -4.0% in August and 6.6% for the year.
- Financials, industrials and real estate weighed on monthly performance.
- We are focused on finding businesses that have strong long-term growth prospects with attractive valuations.

Market Commentary

Widespread stimulus for the Chinese property sector arrived

On 31 August, the Chinese government announced a series of stimulus measures aimed at stabilising and revitalising the property sector, which had been subject to heightened regulatory scrutiny to control speculative activities (source: People's Bank of China). Key elements of the stimulus package included:

1. **Lower minimum down-payment ratio** for first-time homebuyers to 20% and second-time homebuyers to 30% across the country.
2. **Lower minimum mortgage rate** for second-time homebuyers from a loan prime rate (LPR) +60 basis points (bps) to LPR +20 bps. It remains unchanged for first-time homebuyers at LPR -20 bps.
3. **Mortgage refinancing** is now available for homeowners at a lower rate for their existing first home mortgage loans.
4. **Four tier-1 cities expanded the definition of first-time homebuyers** to include those with mortgage records, as long as the loans aren't for an apartment.

This policy is the most widespread support for the property sector. Previously, when widespread stimulus has been announced, there has usually been a lag between the announcement and stock reactions. Platinum's investment philosophy has always been to find mispriced stocks and opportunities in areas that are out of favour and away from the crowd. Chinese real estate stocks are the best illustration of the process. The Fund has about ~9% of funds exposed to Chinese real estate companies, which were added to at peak fear levels when CNN declared that it was "China's Lehman Moment" (source: CNN, 13 August 2023). While some Chinese real estate companies have not and will not survive, we believe our holdings are good-quality companies that we were able to buy at attractive valuations because the sector was sold off.

We continue to avoid trying to predict which direction the overall market is heading and, instead, look for attractively valued idiosyncratic business opportunities to invest capital in over the medium to long term. China continues to be a country deeply out of favour with investors, and the market is still 30-45% below its most recent February 2021 peak (depending on A-shares or H-shares, source: FactSet). We continue to look for world-leading companies with strong long-term growth prospects at attractive valuations, and we are finding a lot of these opportunities in China.

Elsewhere in Asia

India continues to be the flavour of the month for investors. We think India is a great story both in terms of demographics and macroeconomic indicators, however, it is a well-known story, which we believe is reflected in the price. We note that foreign investors remain net buyers in contrast to domestic institutional selling in July (source: Business Insider India, 1 September 2023).

Performance Analysis*

The Fund returned -4.0% for the month. Top contributors to monthly performance included Chinese online retailer PDD, Thai healthcare company Mega Lifesciences and Thai real estate company Supalai. Detractors included Chinese tech stock JD.com, Chinese insurance company Ping An Insurance and Chinese parcel delivery company ZTO Express.

Valuation

The Fund's aggregate valuation metrics are attractive in both an absolute sense and relative to the market, with a 6% higher earnings yield (see table below). We continue to deploy Platinum's contrarian investment process, which focuses on finding businesses that have better long-term growth prospects but are oversold or out of favour due to temporary setbacks and therefore have attractive valuations.

Metric	Platinum Asia Fund	MSCI AC Asia Ex Japan Index (A\$)
NTM Earnings Yield	8.6% (Price-to-Earnings ratio of 11.6x)	8.1% (Price-to-Earnings ratio of 12.4x)
NTM Dividend Yield	2.9%	3.2%
NTM Enterprise Value-to-Sales	1.4x	1.4x
LTM Price-to-Book Ratio	1.4x	1.4x

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 August 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.**