

Platinum Investment Bond - APIR Code: LIF7284AU

Platinum Asia Fund



MONTHLY REPORT 29 February 2024

FACTS

Portfolio value	\$1.42 mn
Option commenced	23 March 2021
Unit valuation	Adelaide Business Day
Net asset value (\$ per unit)	\$0.9415

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	98.8	(0.3)	98.5	99.2
China	45.5		45.5	45.5
Hong Kong	2.2		2.2	2.2
Taiwan	8.3		8.3	8.3
India	7.7		7.7	7.9
Indonesia	4.8		4.8	4.8
Macao	1.2		1.2	1.2
Philippines	3.4		3.4	3.4
South Korea	15.9	(0.3)	15.6	15.7
Thailand	1.9		1.9	1.9
Vietnam	7.8		7.8	7.8
Other Asia-Pacific	0.2		0.2	0.5
North America				0.8
Other North America				0.8
Sub-Total	98.8	(0.3)	98.5	100.0
Cash	1.2	0.3	1.5	
Total	100.0		100.0	100.0

Long - 66 stocks, 1 swap Short - 1 swap

TOP TEN POSITIONS OF PLATINUM ASIA FUND ²

STOCK	COUNTRY	INDUSTRY	%
Taiwan Semiconductor	Taiwan	Info Technology	7.3
SK Hynix Inc	South Korea	Info Technology	6.3
Samsung Electronics Co	South Korea	Info Technology	5.9
Vietnam Ent Investments	Vietnam	Other	5.5
InterGlobe Aviation Ltd	India	Industrials	4.8
ZTO Express Cayman Inc	China	Industrials	4.2
Trip.com Group Ltd	China	Cons Discretionary	3.6
Ayala Land Inc	Philippines	Real Estate	3.3
Tencent Holdings Ltd	China	Comm Services	3.3
Ping An Insurance Group	China	Financials	3.2
Total			47.5

INDUSTRY BREAKDOWN OF PLATINUM ASIA FUND ¹

SECTOR	LONG %	SHORT %	NET %
Information Technology	20.7		20.7
Consumer Discretionary	20.4		20.4
Industrials	16.4		16.4
Real Estate	13.5		13.5
Financials	9.6		9.6
Consumer Staples	3.8		3.8
Communication Services	3.5		3.5
Materials	3.7	(0.3)	3.3
Health Care	1.7		1.7
Energy	0.1		0.1
Other	5.5		5.5

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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.

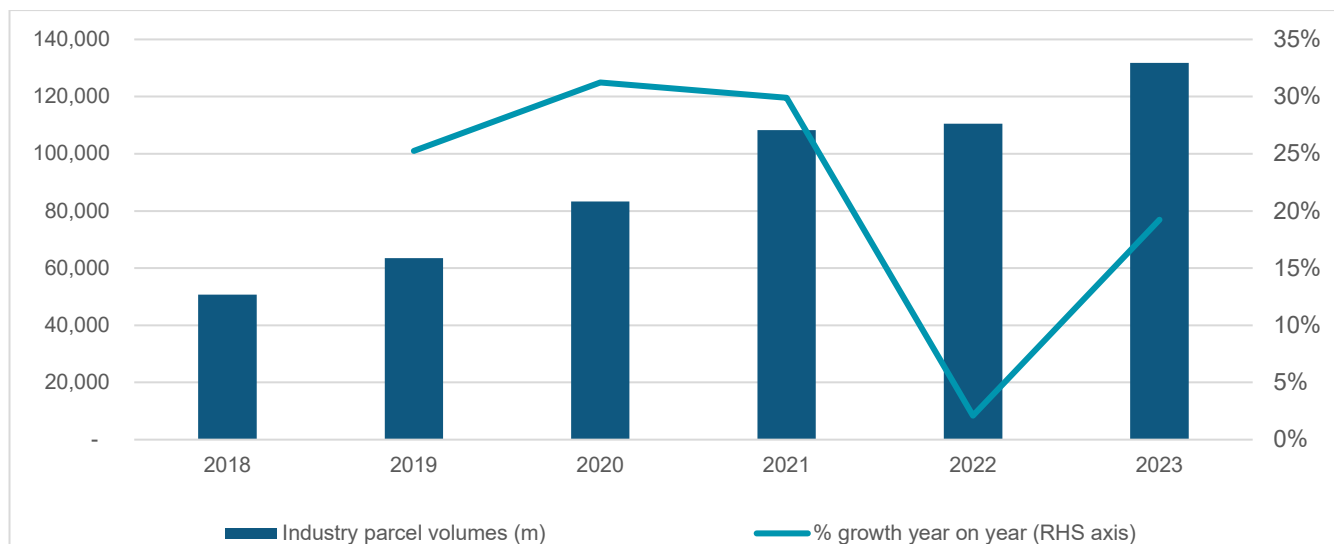
Performance Analysis*

The Platinum Asia Fund (PAF) returned +7.6% for February 2024 compared to the index of +7.2%. PAF's Chinese holdings contributed 3.9% to that return.

Sentiment towards China is deeply negative and the Chinese market's PE is at the biggest discount to the MSCI Emerging Markets Index in a decade. With expectations this low, any positive news could see the market move higher. The stocks we hold are quality growth stories at attractive valuations. They should not require a market re-rating to appreciate in the medium-term.

Parcel delivery company ZTO Express and travel company Trip.com are two of our significant China holdings and were standout performers in February. Trip.com has benefited from the end of COVID lockdowns in China with domestic travel now exceeding 2019 levels. We believe the company could grow earnings in the high teens as international travel opens up. Trip is trading on a 2024 PE of 17x and also owns half of India's largest online travel business.

ZTO Express is the largest and lowest-cost parcel delivery business in China, delivering 30 billion parcels a year. The company is growing at 20-30% p.a. and trading on a 2024 PE of 12x.

ZTO: Parcels - volume and growth

Source: State Post Bureau

South Korea was the other standout contributor to the Fund's return, contributing 1.3%. This was largely due to memory chip maker SK Hynix. Thanks to the AI investment cycle, there was a 66% surge in chip shipments from South Korea in February, the highest since 2017. SK Hynix is trading on a 2024 PE of 13x and could grow earnings by over 50% over the next 5 years.

The South Korean market has long traded at a discount due to a plethora of unwieldy conglomerates and lacklustre dividends. Their Financial Services Commission recently revealed its "Corporate Value-up Program", aimed at supporting shareholder returns. The program is similar to the corporate governance reforms in Japan that helped push the Nikkei up 42% over the past year (to 3 March 2024).

An attractively valued portfolio

The Fund's aggregate valuation metrics are attractive in both an absolute sense and relative to the market, with a ~21% higher earnings yield and ~7% discount on Price to Book Value.

Metric	Platinum Asia Fund	MSCI AC Asia Ex Japan Index (A\$)
NTM Earnings Yield	9.8% (Price to earnings ratio 10.2x)	8.1% (Price to earnings ratio 12.4x)
NTM Dividend Yield	3.0%	3.0%
NTM Enterprise Value-to-Sales	1.3x	1.4x
LTM Price-to-Book Ratio	1.3x	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 29 February 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.**