

# Platinum Investment Bond - APIR Code: LIF7284AU

## Platinum Asia Fund



MONTHLY REPORT November 30, 2021

### FACTS

|                               |                       |
|-------------------------------|-----------------------|
| Portfolio value               | \$1.85 mn             |
| Option commenced              | 23 March 2021         |
| Unit valuation                | Adelaide Business Day |
| Net asset value (\$ per unit) | \$0.9877              |

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

|                               | Fund % | MSCI % |
|-------------------------------|--------|--------|
| 1 month                       | 3.0    | 1.8    |
| 3 months                      | (1.1)  | (3.8)  |
| 6 months                      | (4.4)  | (3.7)  |
| Calendar year to date         | (0.4)  | 2.3    |
| 1 year                        | 1.5    | 4.3    |
| 2 years (compound pa)         | 14.5   | 9.3    |
| 3 years (compound pa)         | 15.0   | 11.6   |
| 5 years (compound pa)         | 12.8   | 11.5   |
| 7 years (compound pa)         | 10.1   | 9.6    |
| 10 years (compound pa)        | 13.5   | 12.0   |
| Since inception (compound pa) | 14.2   | 10.1   |

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>

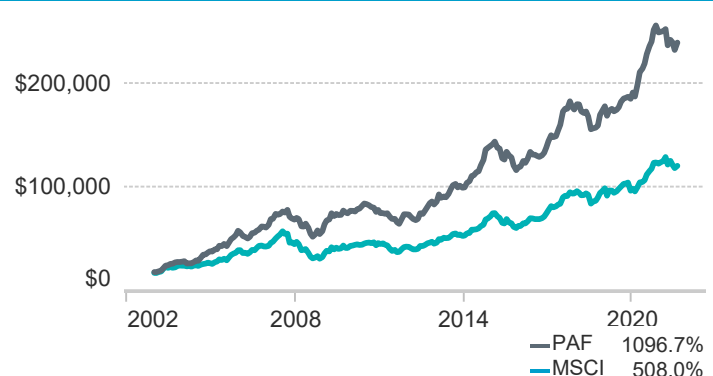
|                          | LONG % | SHORT % | NET % | CCY % |
|--------------------------|--------|---------|-------|-------|
| <b>Asia-Pacific</b>      | 88.9   | (1.0)   | 88.0  | 95.3  |
| Australia                |        |         |       | 0.4   |
| China                    | 47.1   |         | 47.1  | 47.6  |
| Hong Kong                | 6.3    |         | 6.3   | 12.5  |
| Taiwan                   | 6.0    |         | 6.0   | 6.0   |
| India                    | 10.7   | (1.0)   | 9.7   | 10.0  |
| Macao                    | 1.1    |         | 1.1   | 1.1   |
| Philippines              | 1.6    |         | 1.6   | 1.6   |
| Singapore                | 0.9    |         | 0.9   | 0.9   |
| South Korea              | 9.6    |         | 9.6   | 9.6   |
| Vietnam                  | 5.6    |         | 5.6   | 5.6   |
| <b>Europe</b>            |        |         |       | 0.8   |
| United Kingdom           |        |         |       | 0.8   |
| <b>North America</b>     |        |         |       | 3.9   |
| United States of America |        |         |       | 3.9   |
| <b>Sub-Total</b>         | 88.9   | (1.0)   | 88.0  | 100.0 |
| <b>Cash</b>              | 11.1   | 1.0     | 12.0  |       |
| <b>Total</b>             | 100.0  |         | 100.0 | 100.0 |

Long - 59 stocks, 1 swap Short - 1 swap, 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    | 5.4         |
| Samsung Electronics Co    | South Korea | Info Technology    | 4.6         |
| Tencent Holdings Ltd      | China       | Comm Services      | 4.0         |
| Vietnam Ent Investments   | Vietnam     | Other              | 4.0         |
| ZTO Express Cayman Inc    | China       | Industrials        | 3.9         |
| InterGlobe Aviation Ltd   | India       | Industrials        | 3.4         |
| Ping An Insurance Group   | China       | Financials         | 3.2         |
| Macrotech Developers Ltd  | India       | Financials         | 3.1         |
| Weichai Power Co Ltd      | China       | Industrials        | 3.1         |
| Alibaba Group Holding Ltd | China       | Cons Discretionary | 3.1         |
| <b>Total</b>              |             |                    | <b>37.7</b> |

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

| SECTOR                 | LONG % | SHORT % | NET % |
|------------------------|--------|---------|-------|
| Consumer Discretionary | 19.4   |         | 19.4  |
| Financials             | 15.1   |         | 15.1  |
| Information Technology | 15.7   | (0.9)   | 14.7  |
| Industrials            | 12.9   |         | 12.9  |
| Real Estate            | 9.7    |         | 9.7   |
| Communication Services | 4.0    |         | 4.0   |
| Materials              | 3.7    |         | 3.7   |
| Consumer Staples       | 2.7    |         | 2.7   |
| Health Care            | 1.7    |         | 1.7   |
| Other                  | 4.0    |         | 4.0   |

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).

All data where MSCI is referenced is the property of MSCI Limited ("MSCI"). No use or distribution of this data is permitted without the written consent of MSCI. This data is provided "as is" without any warranties by MSCI.

MSCI assumes no liability for or in connection with this data. Please see full MSCI disclaimer in <https://www.platinum.com.au/Special-Pages/Terms-Conditions>

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

- A closer look at Alibaba.
- Non-Japan Asian economies resilient.
- Chinese equity markets see little Omicron reaction.

November saw a rebound in performance for the Fund. Our holdings in chip makers SK Hynix, Samsung Electronics and Taiwan Semiconductor Manufacturing (TSMC) all performed well. Logistics firm ZTO Express was strong. Indian property developer Macrotech was extremely strong and the top contributor to the Fund's performance for the month. Detractors for the month included Alibaba in China, Tata Steel and InterGlobe Aviation in India, and LG Chem in South Korea.

### A closer look at Alibaba

Alibaba is particularly interesting. Whilst we acknowledge there are issues, there is no denying that the company has built an extraordinary e-commerce business, which is central to China's online infrastructure. We did not initially buy into Alibaba until 2016 and we sold most of our holding in late 2020, as it became clear to us that Chinese authorities were serious about greater regulatory pressure in the tech sector. We have added to our holdings in recent months, as we view the company as simply too cheap given the underlying earnings power of its e-commerce and cloud businesses. On Bloomberg figures, the company's shares now trade at a price-to-earnings multiple of 18.7, the lowest since its 2014 debut, and the widest discount to the Nasdaq 100's average multiple ever (note – we hold the Hong Kong listing). There is a price for everything and Alibaba is a reasonable risk/reward proposition at current levels.

### Non-Japan Asian economies' resilience

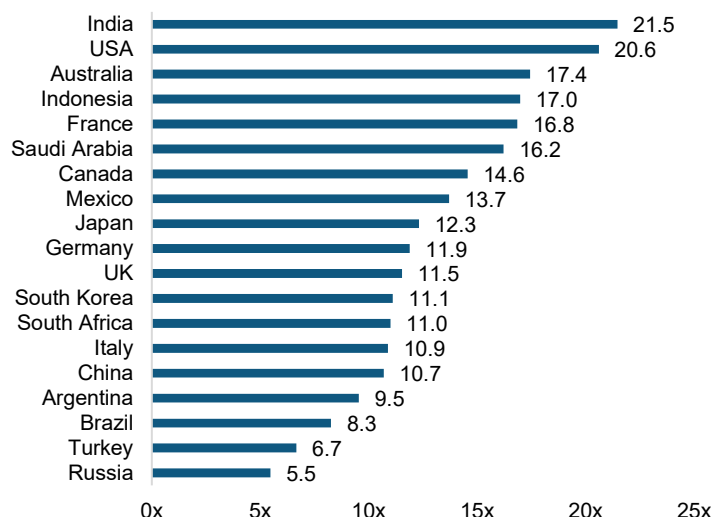
China's manufacturing purchasing managers' index (PMI) rose 0.9 points to 50.1 in November, higher than Bloomberg's median forecast of 49.7 and returning to expansion territory (Source: CICC). Central to this relative strength was an easing of power supply constraints, which lifted the production sub-index by 3.6 points to 52. China is expected to set a lower economic growth target for next year of around 5% to 5.5% ahead of this month's Central Economic Work Conference. The targets are intended to give more room for pushing "structural reforms" amidst "growing challenges" to the economic outlook (Source: Wigram Capital Advisors). Profits of industrial companies in China grew 42.2% year to date to the end of October versus the prior year and the two-year compound annual growth rate, which avoids the COVID-19 distortion, was 19.7% (Source: CICC).

Elsewhere in Asia, South Korean exports rose 32% in November from a year earlier, the sharpest since rise since August and reaching an all-time record in dollar terms (Source: Al Jazeera). Moreover, having fallen precipitously from its highs, the Baltic Dry Index of bulk shipping prices rose throughout November (Source: Hellenic Shipping News).

### Little reaction to Omicron in Chinese markets

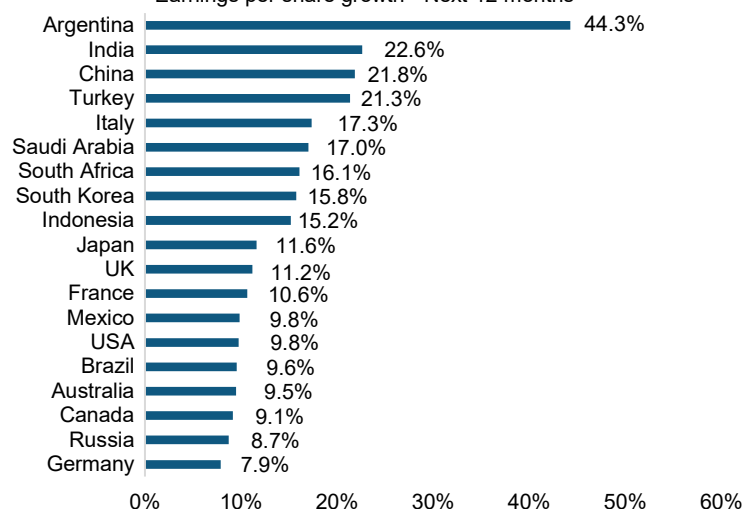
Recent weeks have seen large moves in markets and significant increases in volatility globally. In that context, it is interesting to note the muted reaction in China, with the Shanghai Composite Index up for the month of November and seeing no significant sell off nor increase in volatility in the wake of news of the Omicron variant at month end. It is likely that China will see cases of Omicron, and it is likely that this will test the country's zero COVID policy – but for now it appears that having underperformed in 2021, China's equity market may be viewed as "cheap enough".

Major market price-earnings ratios - Next 12 months



Source: Chart 1 – IBES consensus, in local currency.  
Correct as at 6 December 2021.

Earnings per share growth - Next 12 months



Source: Chart 2 – IBES consensus, in local currency.  
Correct as at 6 December 2021.