

# Platinum Investment Bond - APIR Code: LIF7284AU

## Platinum Asia Fund



MONTHLY REPORT 28 February 2022

### FACTS

Portfolio value	\$1.89 mn
Option commenced	23 March 2021
Unit valuation	Adelaide Business Day
Net asset value (\$ per unit)	\$0.9534

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

	Fund %	MSCI %
1 month	(5.4)	(5.2)
3 months	(5.1)	(6.3)
6 months	(6.1)	(9.8)
Calendar year to date	(3.0)	(5.2)
1 year	(11.2)	(8.7)
2 years (compound pa)	10.1	3.9
3 years (compound pa)	10.1	6.0
5 years (compound pa)	11.1	9.3
7 years (compound pa)	7.3	6.9
10 years (compound pa)	11.7	10.0
Since inception (compound pa)	13.7	9.6

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>

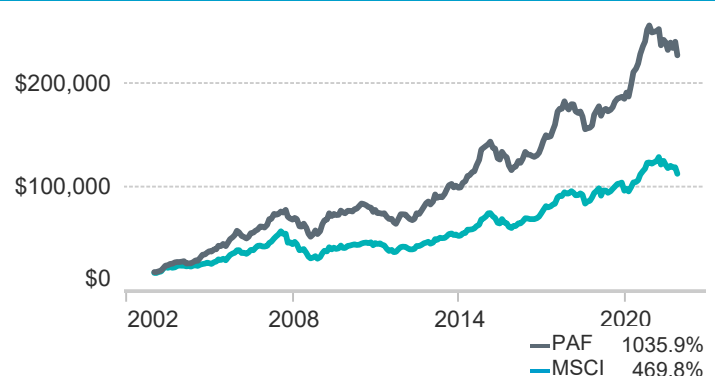
	LONG %	SHORT %	NET %	CCY %
<b>Asia-Pacific</b>	88.1	(1.0)	87.1	94.4
Australia				0.1
China	45.2		45.2	45.8
Hong Kong	6.6		6.6	13.0
Taiwan	6.3		6.3	6.3
India	10.0	(1.0)	9.1	9.3
Macao	1.2		1.2	1.2
Philippines	1.9		1.9	1.9
Singapore	1.1		1.1	1.1
South Korea	10.0		10.0	10.1
Vietnam	5.7		5.7	5.7
<b>Europe</b>				0.9
United Kingdom				0.9
<b>North America</b>				4.7
United States of America				4.7
<b>Sub-Total</b>	88.1	(1.0)	87.1	100.0
<b>Cash</b>	11.9	1.0	12.9	
<b>Total</b>	100.0		100.0	100.0

Long - 59 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	5.7
Samsung Electronics Co	South Korea	Info Technology	4.8
Vietnam Ent Investments	Vietnam	Other	4.2
Tencent Holdings Ltd	China	Comm Services	4.0
ZTO Express Cayman Inc	China	Industrials	3.8
Ping An Insurance Group	China	Financials	3.6
InterGlobe Aviation Ltd	India	Industrials	3.6
SK Hynix Inc	South Korea	Info Technology	3.4
China Resources Land Ltd	China	Real Estate	3.4
AIA Group Ltd	Hong Kong	Financials	3.2
<b>Total</b>			<b>39.6</b>

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

SECTOR	LONG %	SHORT %	NET %
Consumer Discretionary	17.4		17.4
Information Technology	16.4	(1.0)	15.5
Financials	14.9		14.9
Industrials	12.4		12.4
Real Estate	11.4		11.4
Communication Services	4.0		4.0
Materials	3.4		3.4
Consumer Staples	3.2		3.2
Health Care	0.8		0.8
Other	4.2		4.2

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.

- A difficult month for Asian equities.
- Selling appears indiscriminate.
- China's global integration and economic aspirations are key.

Asian markets and the Fund had a poor month amid a global sell-off in risk assets, combined - unusually - with a strong Australian dollar. Events in Ukraine have seen a risk-off market environment, plus large increases in commodity prices, which has resulted in the unusual coupling of a risk-off environment with a strong Australian dollar.

#### Indiscriminate selling

February saw, what looks to us to be, indiscriminate selling of the Asian region by global investors. The largest detractors from the Fund's performance for the month were the stocks which are most widely held by global investors in our view, notably Tencent, Taiwan Semiconductor Manufacturing and Alibaba. The main contributors to performance were the under-owned, little-known stocks.

#### Do the events in Ukraine change the investment logic for China?

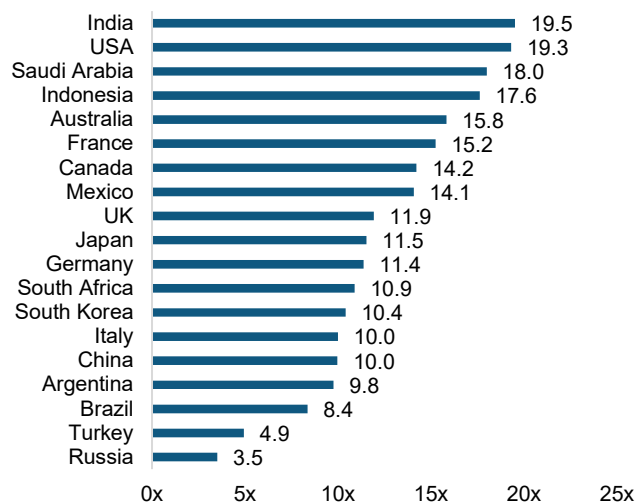
With events such as the Russia-Ukraine conflict, people can be quick to look for analogues and fear can be contagious. One such concern being expressed is the implications of the current situation and its impact on China as an investment destination. At this time, it is interesting to observe firstly, the economic progress seen in China over the last 30 years, relative to that of Russia, as evidenced by the growth in gross domestic product (GDP) per capita, being a different order of magnitude (see chart). Our sense is that China is more integrated into the global economy than Russia - being a major end market for most Western companies, and a major supplier into Western markets. We have often talked about how the rise of China has led to two large and dynamic economies (US and China) that must navigate their own aspirations, and the associated tensions that may emerge from time to time.

The Chinese economy continues to muddle through in our view. Policy officials are keen to provide moderate support to the economy, a stance reiterated again during the month by Commerce Minister Wang Wentao who said that China must "do everything possible" this year to spur domestic consumption (Source: Northern Trust). China's February manufacturing purchasing managers' index (PMI) reading was slightly positive, reflecting our view of an economy which is growing moderately amid a significant reform program (see:

<http://www.news.cn/english/20220301/db1f69121f3d48c7a0989d435c6157ca/c.html>).

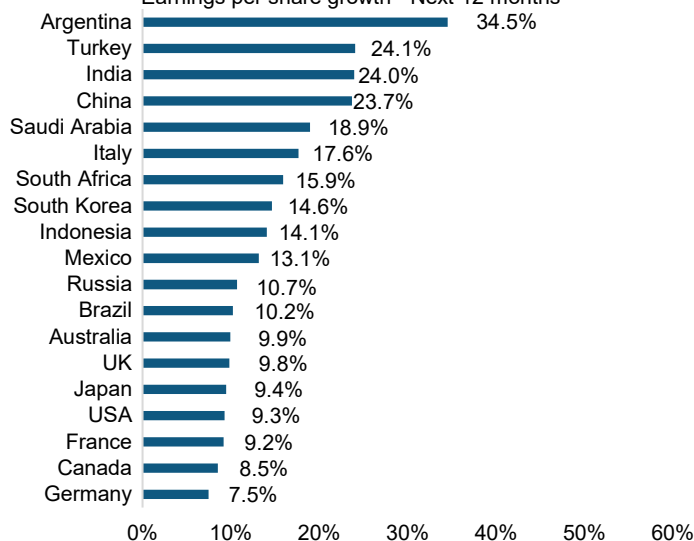
Astute readers will note that commentary regarding a housing crisis in China has receded - quality Chinese property development stocks have stabilised nicely, with key portfolio holding China Resources Land up over 27% over six months at the time of writing, since the apogee of China housing fears (Source: FactSet). China's new home prices rose slightly (0.03%) in February versus January, in line with policy objectives of stable home prices (Source: Northern Trust).

Major market price-earnings ratios - Next 12 months



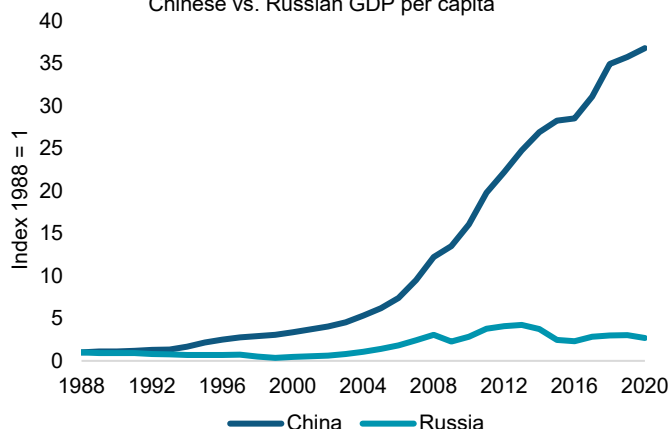
Source: Chart 1 - IBES consensus, in local currency. Correct as at 4 March 2022.

Earnings per share growth - Next 12 months



Source: Chart 2 - IBES consensus, in local currency. Correct as at 4 March 2022.

Chinese vs. Russian GDP per capita



Source: Chart 3 - World Bank: Correct as at 4 March 2022.