

# Platinum Investment Bond - APIR Code: LIF7284AU

## Platinum Asia Fund



MONTHLY REPORT 31 May 2022

### FACTS

Portfolio value	\$1.85 mn
Option commenced	23 March 2021
Unit valuation	Adelaide Business Day
Net asset value (\$ per unit)	\$0.8943

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

	Fund %	MSCI %
1 month	(2.3)	(0.5)
3 months	(9.3)	(6.3)
6 months	(13.9)	(12.2)
Calendar year to date	(12.0)	(11.2)
1 year	(17.7)	(15.4)
2 years (compound pa)	4.8	4.8
3 years (compound pa)	6.7	4.7
5 years (compound pa)	6.4	5.2
7 years (compound pa)	5.2	4.9
10 years (compound pa)	11.0	9.6
Since inception (compound pa)	12.9	9.1

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>

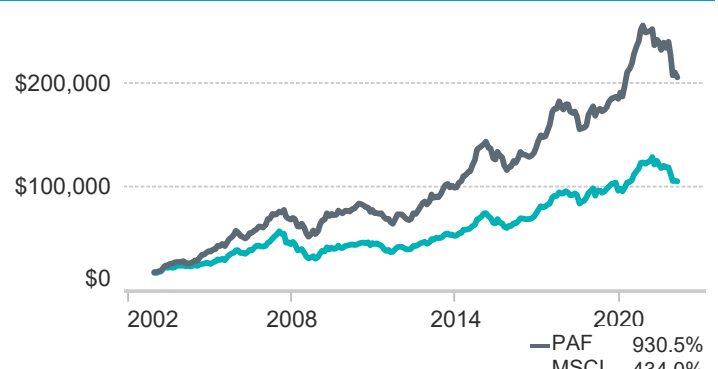
	LONG %	SHORT %	NET %	CCY %
<b>Asia-Pacific</b>	84.2	(1.0)	83.2	91.1
Australia				0.2
China	43.3		43.3	43.9
Hong Kong	4.3		4.3	11.1
Taiwan	6.1		6.1	6.1
India	9.5	(1.0)	8.5	8.7
Indonesia	0.5		0.5	0.5
Macao	1.3		1.3	1.3
Philippines	1.8		1.8	1.8
Singapore	1.5		1.5	1.5
South Korea	10.0		10.0	10.0
Vietnam	6.0		6.0	6.0
<b>Europe</b>				0.9
United Kingdom				0.9
<b>North America</b>				8.0
United States of America				8.0
<b>Sub-Total</b>	84.2	(1.0)	83.2	100.0
<b>Cash</b>	15.8	1.0	16.8	
<b>Total</b>	100.0		100.0	100.0

Long - 60 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	5.5
Samsung Electronics Co	South Korea	Info Technology	4.7
Vietnam Ent Investments	Vietnam	Other	4.2
Tencent Holdings Ltd	China	Comm Services	4.1
ZTO Express Cayman Inc	China	Industrials	4.0
InterGlobe Aviation Ltd	India	Industrials	4.0
Ping An Insurance Group	China	Financials	3.5
SK Hynix Inc	South Korea	Info Technology	3.3
China Resources Land Ltd	China	Real Estate	3.1
Alibaba Group Holding Ltd	China	Cons Discretionary	3.0
<b>Total</b>			<b>39.2</b>

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

SECTOR	LONG %	SHORT %	NET %
Consumer Discretionary	18.0		18.0
Information Technology	16.0	(1.0)	15.0
Industrials	12.3		12.3
Real Estate	12.2		12.2
Financials	9.4		9.4
Communication Services	4.1		4.1
Consumer Staples	3.6		3.6
Materials	3.6		3.6
Health Care	0.7		0.7
Energy	0.1		0.1
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.

- Asia basically flat over the month of May.
- China stimulus measures continue, to little effect amid lockdowns.
- An mRNA vaccine is under development in China.

May saw another month of relative stability in Asian markets. Contributors to the Fund's performance for the month included several of our short positions including an Indian tech outsourcing firm, and the Hong Kong and Korean country indices. Our long position in Korean battery and petrochemical giant LG Chem also contributed to performance. Detractors for the month included many of the largest and highest-quality companies in Asia, including Tencent, Taiwan Semiconductor Manufacturing and SK Hynix, perhaps indicative of ongoing selling by foreigners across Asia.

#### China stimulus continues

China is clearly attempting to stimulate its economy. This is apparent in data such as the 'credit impulse': credit growth less nominal GDP, with positive readings indicating increased debt to GDP (please see accompanying chart). May saw further stimulus measures such as tax cuts, loosening of vehicle sales quotas (many Chinese cities restrict the number of cars sold each year) and an acceleration of infrastructure spending (Source: Reuters).

China has been seeking to stimulate its economy since at least November last year, as we have mentioned in previous monthly commentaries. This is unlikely to have any pronounced effect in the presence of ongoing lockdowns, in our view. However, China's zero-Covid policy is unlikely to last forever.

#### A Chinese mRNA vaccine is in development

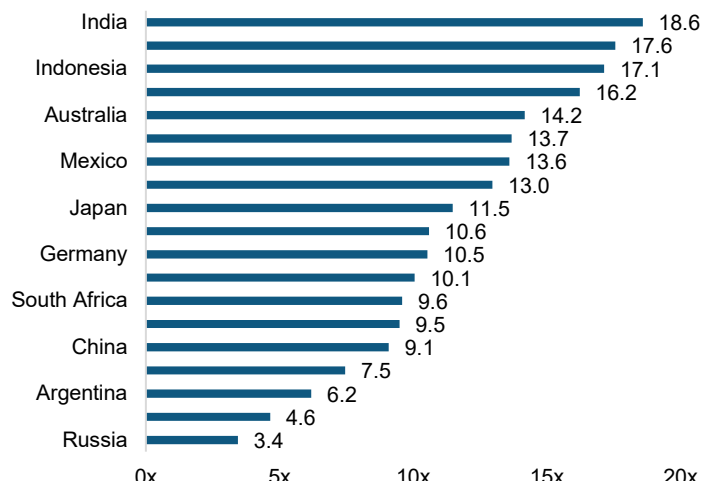
China has been developing an mRNA vaccine since March 2020. During the month, investment team members attended a virtual conference at which the CEO of Everest Biotech and the founder of CanSinoBIO spoke. We would summarise their comments as follows: progress on an mRNA vaccine is being made; there is likely to be several months to go before an mRNA vaccine is available in China; further, sufficient capacity to manufacture at the scale required to roll out a vaccine across China would take several months more; however, by late this year, there could be an mRNA vaccine available in China.

Vice-Premier Liu He, Xi Jinping's most senior economic advisor, made comments supportive of China's tech giants following a symposium with the management of many of China's tech giants. This marks another small step in the months-long thawing of relations with China's tech sector, including public recognition by Chinese officials of the importance of China's tech firms to its economy.

What appears to be building in China is similar to a coiled spring in our view: ongoing economic stimulus; a turning of the credit cycle; and an improving regulatory environment for large, listed firms. This is in marked contrast to the situation in many markets, notably the US, where enormous stimulus measures are being withdrawn, monetary policy tightened and quantitative easing reversed.

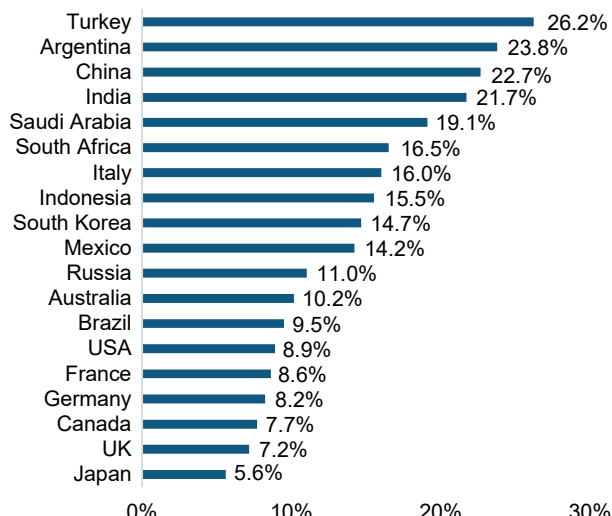
What is lacking is a relaxation of China's restrictive policy in regards to Covid given its hitherto failed response to the disease. News of successful vaccine development in Western markets was a major catalyst for improved performance in the wake of the Covid sell-off of 2020. We see no reason why news of a successful mRNA vaccine in China would not have a similar effect, with potentially significant outcomes for China, the region, and indeed, cyclical equities globally.

Major market price-earnings ratios - Next 12 months



Source: Chart 1 – IBES consensus, in local currency. Correct as at 6 June 2022.

Earnings per share growth - Next 12 months



Source: Chart 2 – IBES consensus, in local currency. Correct as at 6 June 2022.



Source: Chart 3 – Bloomberg. From 31/12/2004 to 30/04/2022.