

# Platinum Investment Bond - APIR Code: LIF7284AU

## Platinum Asia Fund



MONTHLY REPORT 30 April 2024

### FACTS

Portfolio value	\$1.48 mn
Option commenced	23 March 2021
Unit valuation	Adelaide Business Day
Net asset value (\$ per unit)	\$0.9704

### 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 <sup>1</sup>

	LONG %	SHORT %	NET %	CCY %
<b>Asia-Pacific</b>	97.8		97.8	99.1
China	47.7		47.7	47.7
Hong Kong	1.8		1.8	2.2
Taiwan	9.1		9.1	9.1
India	6.8		6.8	7.2
Indonesia	4.6		4.6	4.6
Philippines	2.6		2.6	2.6
South Korea	15.5		15.5	15.6
Thailand	1.8		1.8	1.8
Vietnam	7.2		7.2	7.2
Other Asia-Pacific	0.7		0.7	1.0
<b>Europe</b>				0.6
Other Europe				0.6
<b>North America</b>				0.3
Other North America				0.3
<b>Sub-Total</b>	97.8		97.8	100.0
<b>Cash</b>	2.2		2.2	
<b>Total</b>	100.0		100.0	100.0

Long - 59 stocks, 1 swap

### TOP TEN POSITIONS OF PLATINUM ASIA FUND <sup>2</sup>

STOCK	COUNTRY	INDUSTRY	%
Taiwan Semiconductor	Taiwan	Info Technology	8.1
Samsung Electronics Co	South Korea	Info Technology	6.0
SK Hynix Inc	South Korea	Info Technology	5.6
Vietnam Ent Investments	Vietnam	Other	4.9
ZTO Express Cayman Inc	China	Industrials	4.4
Tencent Holdings Ltd	China	Comm Services	4.1
InterGlobe Aviation Ltd	India	Industrials	3.9
JD.com Inc	China	Cons Discretionary	3.9
China Resources Land Ltd	China	Real Estate	3.6
Trip.com Group Ltd	China	Cons Discretionary	3.5
		<b>Total</b>	47.9

### INDUSTRY BREAKDOWN OF PLATINUM ASIA FUND <sup>1</sup>

SECTOR	LONG %	SHORT %	NET %
Information Technology	20.4		20.4
Consumer Discretionary	19.9		19.9
Industrials	15.3		15.3
Real Estate	13.4		13.4
Financials	9.1		9.1
Communication Services	5.2		5.2
Consumer Staples	3.9		3.9
Materials	3.7		3.7
Health Care	1.9		1.9
Energy	0.1		0.1
Other	4.9		4.9

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. 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.

- The Platinum Asia Fund returned +2.4% for April 2024 and +5.2% for the rolling 12 months.
- This compares to the MSCI All Country Asia ex Japan Index (AUD) that returned 1.7% for April 2024.
- Our investments in China were the standout performers, contributing 3.5% to the monthly return.
- Even though the valuations in the Chinese market are back to GFC lows, we're very careful when selecting investments in China. We're looking for domestic champions with low levels of debt at compelling valuations.

#### Performance Analysis\*

The Platinum Asia Fund (PAF) returned +2.4% for the month, compared to the index of +1.7%. PAF's Chinese holdings contributed 3.5% to the Fund's monthly return, led by consumer and real estate stocks. We are very careful when selecting investments in China. We're looking for well-run companies with strong moats, low levels of debt and attractive valuations. We prefer domestically-focused companies like JD.com rather than export-focussed companies because they are less susceptible to geopolitical tensions and tariff wars. Having said that, we also own world leading companies such as CATL. It manufactures the low-cost EV batteries that will be essential to reduce overall EV prices and therefor underpin further growth in the global EV market.

The top contributor to performance was Tencent Holdings, a Chinese internet and technology company that is the world's largest video game vendor and a leading social media company. The company's quarterly result boosted the market's confidence that the company is committed to improving shareholder returns, that the cyclical business is improving and the gaming division is turning around.

Online retailer JD.com is one of China's top three e-commerce platforms and has performed strongly over the past three months (share price up over 45% in HK dollars). JD.com benefits from the high level of online sales in China (30%). This compares to America where online sales are in the high teens and to Australia where online sales are only in the low teens. JD.com's revenue is derived from a domestic population, so again it largely insulated from any potential geopolitical escalation or tariff imposts.

Chinese real estate holdings have also contributed to performance. China's property market has been in the doldrums for the past few years, however we have seen the government recently announce stimulus measures targeted at the sector including urban village renovations and social housing programs. The key to the latest programs is that the government can buy excess housing inventory from developers to hold or rent out and/or buy housing in the secondary market to soak up inventory. The Fund's exposure to Chinese real estate is ~5%.

As at the end of April 2024, the Fund had a very high net invested position, approximately 98%, comprising of no shorts and 2% cash. This reflects our high levels of conviction in the stocks in our portfolio and the very low valuations we are seeing in the region. This presents a very compelling investment opportunity for true long-term investors.

#### 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 to book value (see table below). Platinum's contrarian investment process means we are focused 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	9.4% (Price to earnings ratio 10.6x)	7.8% (Price to earnings ratio 12.8x)
NTM Dividend Yield	3.1%	2.9%
NTM Enterprise Value-to-Sales	1.3x	1.5x
LTM Price-to-Book Ratio	1.4x	1.5x

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 30 April 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.**