

Platinum Investment Bond - APIR Code: LIF7284AU

Platinum Asia Fund



MONTHLY REPORT 30 June 2024

FACTS

Portfolio value	\$1.56 mn
Option commenced	23 March 2021
Unit valuation	Adelaide Business Day
Net asset value (\$ per unit)	\$0.9701

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	98.2		98.2	99.2
China	45.1		45.1	45.1
Hong Kong	1.4		1.4	1.8
Taiwan	10.8		10.8	10.9
India	5.9		5.9	6.1
Indonesia	5.2		5.2	5.2
Philippines	2.6		2.6	2.6
South Korea	17.5		17.5	17.5
Thailand	1.7		1.7	1.8
Vietnam	7.3		7.3	7.4
Other Asia-Pacific	0.6		0.6	0.7
Europe				0.1
Other Europe				0.1
North America				0.7
Other North America				0.7
Sub-Total	98.2		98.2	100.0
Cash	1.8		1.8	
Total	100.0		100.0	100.0

Long - 60 stocks

TOP TEN POSITIONS OF PLATINUM ASIA FUND ²

STOCK	COUNTRY	INDUSTRY	%
Taiwan Semiconductor	Taiwan	Info Technology	9.8
SK Hynix Inc	South Korea	Info Technology	7.1
Samsung Electronics Co	South Korea	Info Technology	6.2
Vietnam Ent Investments	Vietnam	Other	4.8
Tencent Holdings Ltd	China	Comm Services	4.4
ZTO Express Cayman Inc	China	Industrials	4.3
JD.com Inc	China	Cons Discretionary	3.6
China Merchants Bank Co	China	Financials	3.4
China Resources Land Ltd	China	Real Estate	3.4
InterGlobe Aviation Ltd	India	Industrials	3.2
Total			50.1

INDUSTRY BREAKDOWN OF PLATINUM ASIA FUND ¹

SECTOR	LONG %	SHORT %	NET %
Information Technology	23.9		23.9
Consumer Discretionary	19.1		19.1
Industrials	13.9		13.9
Real Estate	12.7		12.7
Financials	7.9		7.9
Communication Services	6.3		6.3
Consumer Staples	4.1		4.1
Materials	3.9		3.9
Health Care	1.6		1.6
Energy	0.1		0.1
Other	4.8		4.8

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, 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).

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>

MARKET UPDATE AND COMMENTARY

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

- The Platinum Asia Fund returned +0.7% for June 2024, taking the Calendar Year performance for 2024 to 9.8%.
- Investments in South Korea and Taiwan were the best performers, contributing a combined 3.5% to the monthly return.
- The Fund holds around 2% cash, is 98% long and has zero shorts as we are finding many compelling long-term investments in the region.

Performance Analysis*

Our South Korean holdings contributed 2.0% to the Fund's monthly return, led by SK Hynix and Samsung Electronics. Taiwan Semiconductor Manufacturing Company (TSMC) contributed 1.4% to monthly performance. The share prices of these semiconductor companies rose on the increasingly bullish outlook for AI and on spending on AI-related projects that require semiconductors.

When a new technology such as AI, it is important to understand the many potential applications. However, as we saw at the birth of the internet and the arrival of data on mobiles, it is difficult to know who will profit from a revolutionary technology in the early stages of adoption. Our current approach is to seek those companies who will do very well as AI spending continues to grow, but who are trading at reasonable historic valuations and who have strong non-AI related businesses that will support their valuations if the promise of AI is overblown. This is the case with SK Hynix, Samsung Electronics and TSMC.

Detractors from performance this month included Chinese parcel business ZTO Express, e-commerce platform JD.com and online booking website Trip.com Group. Shares in ZTO Express were hit during June as the company said it would concentrate on profit rather than market share gains. While this is a short term hit to estimates, we think it's a smart strategic pivot and will set up ZTO Express to take market share in the long term when irrational and unprofitable competition has fallen away.

Shares in JD.com were hit on a weaker than expected 618 Shopping Festival results (a mid-June annual online shopping event). JD's platforms were offering unusually steep discounts to encourage cautious Chinese consumers to spend and to fend off competition from the likes of PDD Holdings. We continue to rate JD.com as attractive on a medium-term view with the business growing at low double digits and trading on a PE of around 10x PE. Similarly, Trip.com – the leading online travel agency in China - is a play on improving Chinese consumer confidence and is trading on a compelling PE of 15x.

As at the end of June 2024, the Fund had a very high net invested position of approximately 98%, with no shorts and around 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 ~22% higher earnings yield and ~13% discount to book value (see table below). These metrics align with Platinum's contrarian investment process - we are focused on finding businesses with good long-term growth prospects that are oversold 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)	7.7% (Price to earnings ratio 13.0x)
NTM Dividend Yield	3.0%	2.8%
NTM Enterprise Value-to-Sales	1.3x	1.6x
LTM Price-to-Book Ratio	1.4x	1.6x

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 June 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.**