

# Platinum Investment Bond - APIR Code: LIF7284AU

## Platinum Asia Fund

MONTHLY REPORT 30 June 2021



### FACTS

Portfolio value	\$0.29 mn
Option commenced	23 March 2021
Unit valuation	Adelaide Business Day
Net asset value (\$ per unit)	\$1.0134

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

	Fund %	MSCI %
1 month	0.7	3.0
3 months	1.3	5.1
6 months	4.9	9.4
Calendar year to date	4.9	9.4
1 year	26.2	28.1
2 years (compound pa)	20.3	15.2
3 years (compound pa)	13.3	11.6
5 years (compound pa)	15.2	14.3
7 years (compound pa)	13.0	12.4
10 years (compound pa)	12.8	10.9
Since inception (compound pa)	14.8	10.8

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>

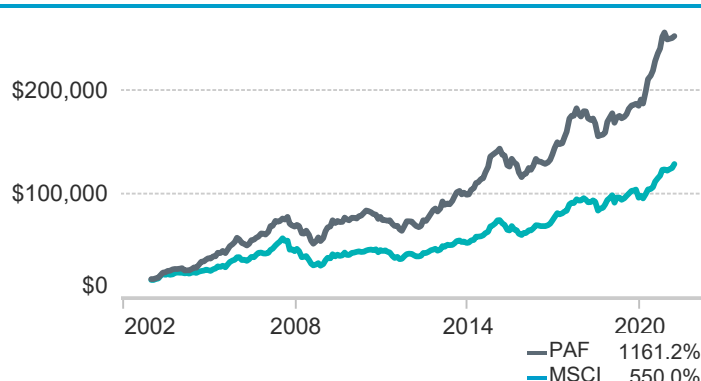
	LONG %	SHORT %	NET %	CCY %
<b>Asia-Pacific</b>	81.6	(9.3)	72.3	87.0
Australia				0.2
China	43.0	(6.1)	36.9	37.4
Hong Kong	7.0		7.0	20.4
Taiwan	5.5	(1.9)	3.5	3.6
India	7.4	(0.9)	6.5	6.5
Japan		(0.5)	(0.5)	0.1
Macao	0.9		0.9	0.9
Philippines	1.4		1.4	1.4
Singapore	1.3		1.3	1.3
South Korea	10.1		10.1	10.1
Thailand	0.9		0.9	0.9
Vietnam	4.1		4.1	4.1
<b>Europe</b>				0.3
United Kingdom				0.3
<b>North America</b>				12.7
United States of America				12.7
<b>Sub-Total</b>	81.6	(9.3)	72.3	100.0
<b>Cash</b>	18.4	9.3	27.7	
<b>Total</b>	100.0		100.0	100.0

Long - 60 stocks, 1 swap Short - 1 swap, 3 indices

### FEES

Investment management fee	1.05% p.a.
Administration fee	0.30% p.a.
Investing transaction costs	0.40% on contributions

### PERFORMANCE GRAPH OF PLATINUM ASIA FUND<sup>2</sup>



### TOP TEN POSITIONS OF PLATINUM ASIA FUND<sup>4</sup>

STOCK	COUNTRY	INDUSTRY	%
Samsung Electronics Co	South Korea	Info Technology	5.0
Taiwan Semiconductor	Taiwan	Info Technology	4.9
AIA Group Ltd	Hong Kong	Financials	3.4
ZTO Express Cayman Inc	China	Industrials	3.3
Vietnam Ent Investments	Vietnam	Other	3.2
Weichai Power Co Ltd	China	Industrials	2.9
SK Hynix Inc	South Korea	Info Technology	2.8
Ping An Insurance Group	China	Financials	2.6
Alibaba Group Holding Ltd	China	Cons Discretionary	2.5
InterGlobe Aviation Ltd	India	Industrials	2.3
<b>Total</b>			33.0

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

SECTOR	LONG %	SHORT %	NET %
Consumer Discretionary	19.0		19.0
Information Technology	16.5		16.5
Financials	13.3		13.3
Industrials	11.7		11.7
Real Estate	8.8		8.8
Materials	3.5	(0.5)	3.0
Consumer Staples	2.2		2.2
Communication Services	2.1		2.1
Health Care	1.5		1.5
Other	3.2	(8.9)	(5.6)

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

- Chinese economic growth is moderating, but remains strong.
- A new top ten holding in the Fund operates India's largest airline.

The Fund had a positive month amid very strong regional markets, with large tech names and growth stocks leading the index to a greater degree than the more cyclical exposures we hold. A sense that the reopening/reflation trade of recent months has petered out in the region, along with falling rates globally contributed to this performance differential.

### China's economy – robust but slowing

Recent measures of Chinese economic activity indicate a slowdown in that country, after months of jawboning by monetary and economic officials, and perhaps reflecting a peak in the post-Covid momentum previously evident. China's official manufacturing purchasing managers' index (PMI) for June, which was released in early July, fell 0.1 points versus the prior month to 50.9 (Source: Bloomberg). The decline in the production component of the PMI survey was the main detractor, perhaps reflecting supply chain difficulties evident across industry globally at present (Source: CICC). This supply side disruption may also be evident in May's producer price inflation data showing a 9% increase in May versus a year earlier, versus only 1.3% consumer price inflation in the same month (Source: CICC).

The Caixin China General Manufacturing PMI for services was 50.3 in June, versus 55.1 in May, which was the lowest reading in the 14-month period post Covid (Source: Reuters). This may reflect renewed concern about Covid in China, particularly in Guangdong, which saw a Covid outbreak in June.

Chinese trade data for May, released in early June, paint a picture of ongoing robust demand for Chinese exports, but with some moderation from peak levels seen earlier in 2021, and ongoing strong demand for imports in China. China's exports in May 2021 grew 27.9% versus a year earlier, while imports grew 51.1% on the same basis (Source CICC). Exports decelerated from earlier months, while imports accelerated from April's growth rate of 43.1% versus April 2020. China's export growth helped contribute to record Chinese commercial bank foreign exchange holdings of \$1.38 trillion at the end of May, with the majority held in deposits (Source: Northern Trust). Industrial profit growth in China was 36% in May – impressive, but again a decrease from the 57% growth in April, and on a year-on-year basis (Source: Northern Trust).

In other data reflecting the health of China's physical economy, China's electricity output grew 7.9% in May versus a year ago, which is up 12.6% from the same period in 2019, giving an average two-year growth rate of 6.1%, according to data from the National Bureau of Statistics. China's crude steel output grew 6.6% in May versus the prior year (Source: Canaccord). Chinese May retail sales rose 12.4% versus 2020, May industrial production growth was 8.8% and May property investment was 18.3% - all strong in absolute terms, but all of which disappointed the market as they came in below market consensus in early June (Source: Bloomberg).

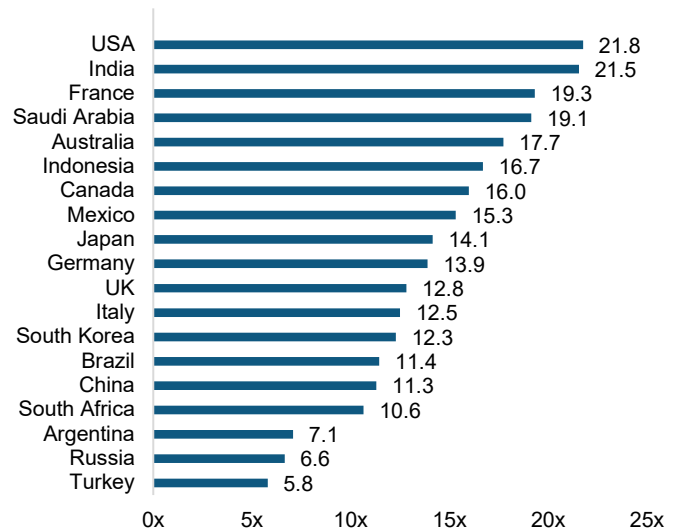
### Tension, but less chaos in US and China relations

Rhetorical tension between China and the US continued during June. Chinese Foreign Ministry spokesperson Zhao Lijian reiterated its stance that the US must correct its practices on protectionism, adding that China will act to protect the interests of its companies and adding that China played by the World Trade Organisation's rules. In turn, President Biden demanded China end its crackdown on Hong Kong's independent journalists after the territory's independent publication the Apple Daily ceased publication during the month. Biden condemned Beijing for "wielding its power to suppress independent media and silence dissenting views" (Source: Northern Trust). However, President Trump's vague Tik Tok and WeChat ban of 2020 was rescinded by the Biden administration (Source: Reuters), reflecting at least a more orderly context.

### InterGlobe Aviation – a new top 10 holding

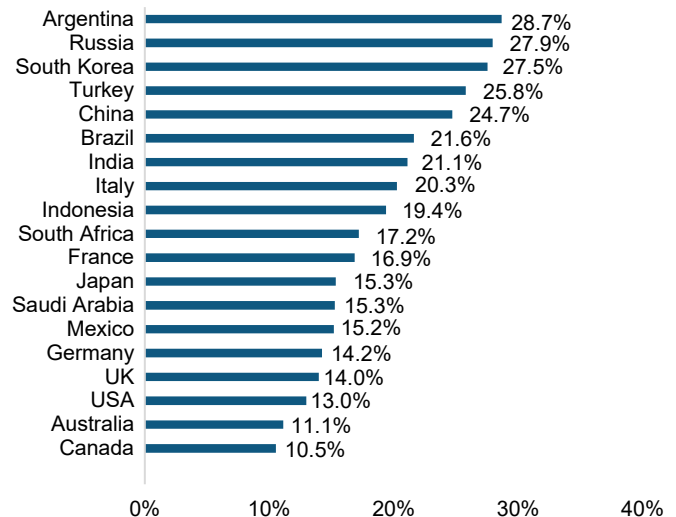
A new stock entered our top 10 holdings – InterGlobe Aviation, which owns and operates India's largest airline, low-cost operator IndiGo. IndiGo has a 50% market share in India and a long track record of profitable growth, with strong returns on capital of over 20% (Source: Company filings). The shock of Covid gave us the chance to build an initial position in 2020 in this growth stock at an attractive valuation.

Major market price-earnings ratios - Next 12 months



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

Earnings per share growth - Next 12 months



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