

Platinum Investment Bond - APIR Code: LIF7284AU

Platinum Asia Fund

MONTHLY REPORT 31 January 2022



FACTS

Portfolio value	\$1.93 mn
Option commenced	23 March 2021
Unit valuation	Adelaide Business Day
Net asset value (\$ per unit)	\$0.9900

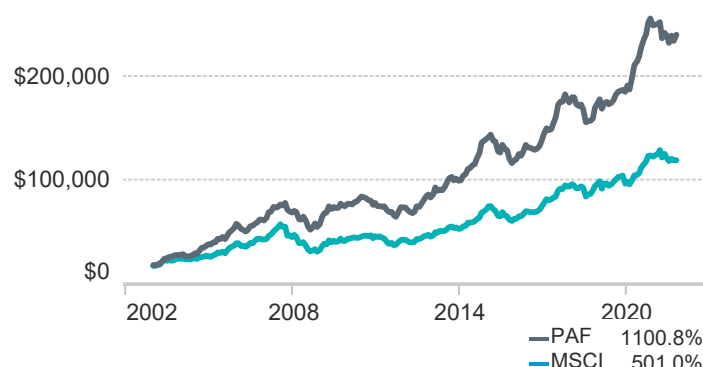
FEES

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

PERFORMANCE OF PLATINUM ASIA FUND¹

	Fund %	MSCI %
1 month	2.5	0.0
3 months	3.4	0.7
6 months	1.4	(2.1)
Calendar year to date	2.5	0.0
1 year	(4.5)	(3.4)
2 years (compound pa)	13.4	7.1
3 years (compound pa)	14.5	9.6
5 years (compound pa)	12.8	10.9
7 years (compound pa)	8.3	8.0
10 years (compound pa)	12.9	11.1
Since inception (compound pa)	14.0	9.9

PERFORMANCE GRAPH OF PLATINUM ASIA FUND²



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 FUND³

	LONG %	SHORT %	NET %	CCY %
Asia-Pacific	88.0	(1.0)	86.9	95.3
Australia				0.3
China	45.1		45.1	45.6
Hong Kong	6.4		6.4	13.6
Taiwan	6.5		6.5	6.5
India	10.8	(1.0)	9.8	10.1
Macao	1.2		1.2	1.2
Philippines	1.7		1.7	1.7
Singapore	1.0		1.0	1.0
South Korea	9.8		9.8	9.8
Vietnam	5.5		5.5	5.6
Europe				0.8
United Kingdom				0.8
North America				3.9
United States of America				3.9
Sub-Total	88.0	(1.0)	86.9	100.0
Cash	12.0	1.0	13.1	
Total	100.0		100.0	100.0

Long - 59 stocks, 1 swap Short - 1 swap, 2 indices

TOP TEN POSITIONS OF PLATINUM ASIA FUND⁴

STOCK	COUNTRY	INDUSTRY	%
Taiwan Semiconductor	Taiwan	Info Technology	5.8
Samsung Electronics Co	South Korea	Info Technology	4.7
Tencent Holdings Ltd	China	Comm Services	4.4
Vietnam Ent Investments	Vietnam	Other	4.0
ZTO Express Cayman Inc	China	Industrials	3.7
InterGlobe Aviation Ltd	India	Industrials	3.4
Ping An Insurance Group	China	Financials	3.4
China Resources Land Ltd	China	Real Estate	3.2
SK Hynix Inc	South Korea	Info Technology	3.1
AIA Group Ltd	Hong Kong	Financials	3.0
Total			38.8

INDUSTRY BREAKDOWN OF PLATINUM ASIA FUND³

SECTOR	LONG %	SHORT %	NET %
Consumer Discretionary	18.1		18.1
Information Technology	16.5	(1.0)	15.5
Financials	14.8		14.8
Industrials	12.2		12.2
Real Estate	10.9		10.9
Communication Services	4.4	(0.1)	4.3
Materials	3.5		3.5
Consumer Staples	2.8		2.8
Health Care	0.8		0.8
Other	4.0		4.0

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. & 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.

- Perceptions of risk versus the reality.
- China's restrained monetary response to COVID.

Amid the volatility of January in many markets, Non-Japan Asian markets were calm, with indices in the region basically flat and the Fund performing pleasingly.

Perceptions of risk versus the reality

At times, investors receive a reminder about what real risk is, as opposed to the perception of risk. China is a salient example of this. Over the last several years, we have been treated to a cacophony of voices reporting on political risk in China and foreign investors have abandoned the place in droves, we believe. But let us reflect on the nature of political risk in a place which states clearly what its policy objectives are, and then goes about achieving them.

We sold our holdings in Tencent and Alibaba in November 2020 because of clear regulatory statements. Let us quote ourselves from our update from that month:

“The proximal trigger came on 10 November when China’s State Administration for Market Regulation released draft antitrust rules. This was especially notable as it followed a revision to anti-monopoly laws earlier this year that specified the monitoring of the impacts of internet companies on outcomes in markets in which they operate. Behaviour targeted by the draft regulation includes: predatory pricing practices; forced exclusivity to gain access to platforms; forced bundling of transactions; and price discrimination using data on individuals (Source: Government releases).”

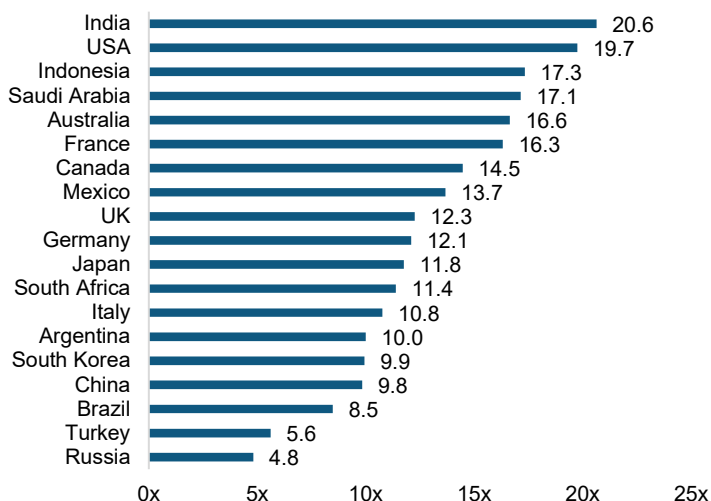
And yet we continue to see commentary regarding “political risk” in China.

China’s restrained monetary response to COVID

We are struck by the restraint of the Chinese response to COVID in terms of monetary and fiscal policy. This contrasts markedly to the country’s incredible splurge following the global financial crisis (GFC). Please see the accompanying chart of M2 (money supply) growth in China over the last 20 years. It is worth contrasting this with the accompanying chart of US M2 growth over the same period – note the colossal money supply growth there in response to COVID. In our view, the Chinese M2 explosion was not highly inflationary, indeed it turned out to be deflationary, because it went largely toward productive assets like steel capacity, aluminium capacity, roads and bridges. However, it was very distortionary – resulting in serious bad debts in the banking system, which the country has spent the following decade trying to address. In contrast, the US experience has been a large increase in consumption and very strong inflation. What the longer-term outcomes will be we will not speculate. But it seems unlikely there will be no cost to pay for such monetary excesses.

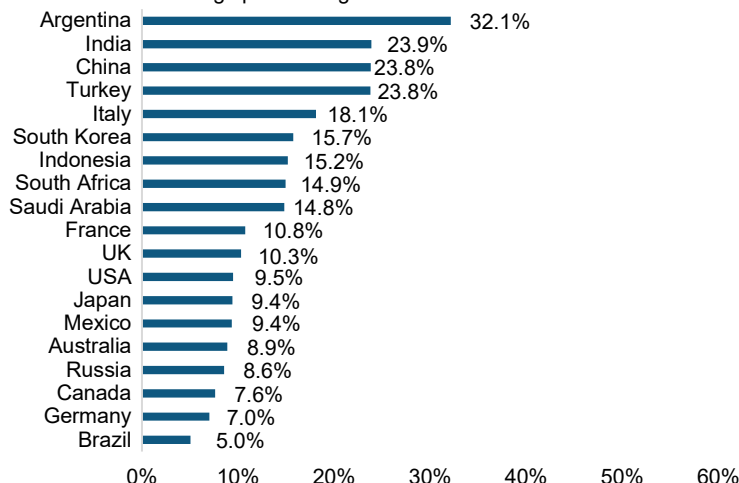
Hence, when we are confronted by the consensus view that China is risky and the US is safe in terms of equity investments, we tend to disagree. Both places confer risks, which need to be assessed and priced. And we feel cautiously optimistic that we are being adequately compensated in price for the risks inherent in investing in China (please see accompanying valuation and earnings growth charts).

Major market price-earnings ratios - Next 12 months



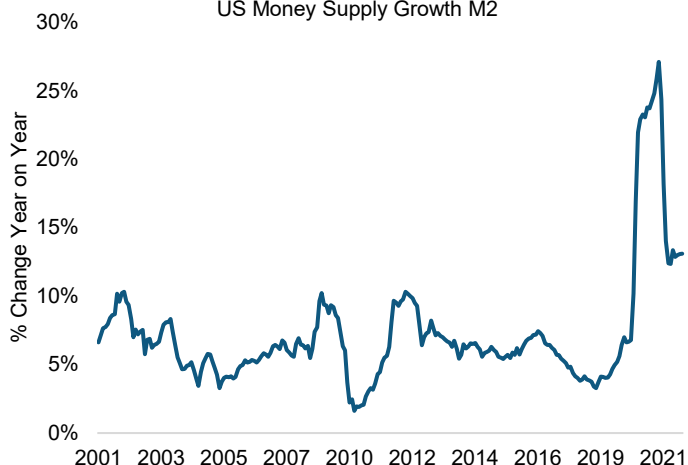
Source: Chart 1 – IBES consensus, in local currency. Correct as at 5 February 2022.

Earnings per share growth - Next 12 months



Source: Chart 2 – IBES consensus, in local currency. Correct as at 5 February 2022.

US Money Supply Growth M2



Source: Chart 3 – Federal Reserve Bank of St. Louis. Correct as at 5 February 2022.

China Money Supply Growth M2



Source: Chart 4 – FactSet. Correct as at 5 February 2022.