

# Platinum Investment Bond - APIR Code: LIF7284AU

## Platinum Asia Fund

MONTHLY REPORT 30 April 2022



### FACTS

Portfolio value	\$1.86 mn
Option commenced	23 March 2021
Unit valuation	Adelaide Business Day
Net asset value (\$ per unit)	\$0.9082

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

	Fund %	MSCI %
1 month	1.4	0.2
3 months	(12.1)	(10.7)
6 months	(9.2)	(10.1)
Calendar year to date	(9.9)	(10.7)
1 year	(15.5)	(14.1)
2 years (compound pa)	4.9	3.8
3 years (compound pa)	5.7	2.3
5 years (compound pa)	7.8	6.2
7 years (compound pa)	5.8	5.0
10 years (compound pa)	10.9	9.3
Since inception (compound pa)	13.1	9.2

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>

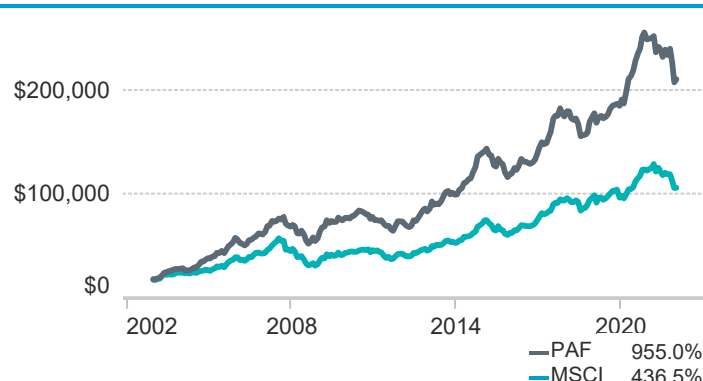
	LONG %	SHORT %	NET %	CCY %
<b>Asia-Pacific</b>	83.5	(5.5)	78.0	88.5
Australia				0.1
China	43.2		43.2	43.8
Hong Kong	4.2		4.2	11.9
Taiwan	5.6		5.6	5.6
India	9.7	(3.7)	6.0	6.3
Indonesia	0.3		0.3	0.3
Macao	1.4		1.4	1.4
Philippines	1.8		1.8	1.8
Singapore	1.4		1.4	1.4
South Korea	9.6	(1.7)	7.8	9.6
Vietnam	6.2		6.2	6.2
<b>Europe</b>				0.9
United Kingdom				0.9
<b>North America</b>				10.5
United States of America				10.5
<b>Sub-Total</b>	83.5	(5.5)	78.0	100.0
<b>Cash</b>	16.5	5.5	22.0	
<b>Total</b>	100.0		100.0	100.0

Long - 61 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	0.30% 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	5.1
Samsung Electronics Co	South Korea	Info Technology	4.5
Vietnam Ent Investments	Vietnam	Other	4.4
Tencent Holdings Ltd	China	Comm Services	4.2
ZTO Express Cayman Inc	China	Industrials	4.0
InterGlobe Aviation Ltd	India	Industrials	4.0
Ping An Insurance Group	China	Financials	3.4
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>39.1</b>

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

SECTOR	LONG %	SHORT %	NET %
Consumer Discretionary	18.3		18.3
Information Technology	15.2	(1.0)	14.1
Real Estate	12.5		12.5
Industrials	12.1		12.1
Financials	9.3		9.3
Communication Services	4.2		4.2
Consumer Staples	3.5		3.5
Materials	3.1		3.1
Health Care	0.7		0.7
Energy	0.1		0.1
Other	4.4	(4.4)	0.0

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](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.

- Asian markets were soft, but fared better than other large markets in April.
- A statement by China's Politburo spurred some excitement late in the month.
- As other economies commence tightening cycles, China is in a very different position.

The Fund and Asian markets ex-Japan were soft over the course of April. Until the last two trading days of April, regional markets traded poorly, in line with global markets, weighed down by ongoing weakness in China. However, events toward the end of the month saw Chinese equities and the Fund rebound sharply to end with mild losses compared to those seen in global, and particularly US, equity markets.

#### Late April Politburo statement

The excitement was caused by a relatively anodyne statement from China's Politburo, the key decision-making body of that country, the content of which we would summarise into four, market-relevant areas:

#### 1. A thaw in the regulation of tech platform businesses in China

The statement included language indicating that the singling out of tech firms like Tencent and Alibaba for particular regulatory scrutiny may end soon. This followed calls in March by Vice-Premier Liu He to ensure consistent and transparent regulation of tech firms in China. In response, Tencent and Alibaba rose 11% and 16%, respectively in Hong Kong trading on 29 April: both are portfolio holdings (Source: Bloomberg).

#### 2. Increased infrastructure spending

The Politburo once again indicated that infrastructure spending would be used to increase growth, given that current infrastructure is insufficient or inappropriate for the nation's needs in many areas. This follows statements earlier in the week by Xi Jinping that infrastructure spending must increase this year – a signal to local governments, which control the majority of infrastructure expenditure in China, that they must start spending.

#### 3. Speeding up of fiscal stimulus

A call was made to speed up some CNY1.5 trillion (roughly 1.3% of 2021 GDP) in tax and fee reductions (Source: Wigram Capital Advisers).

#### 4. Relaxation of property restrictions

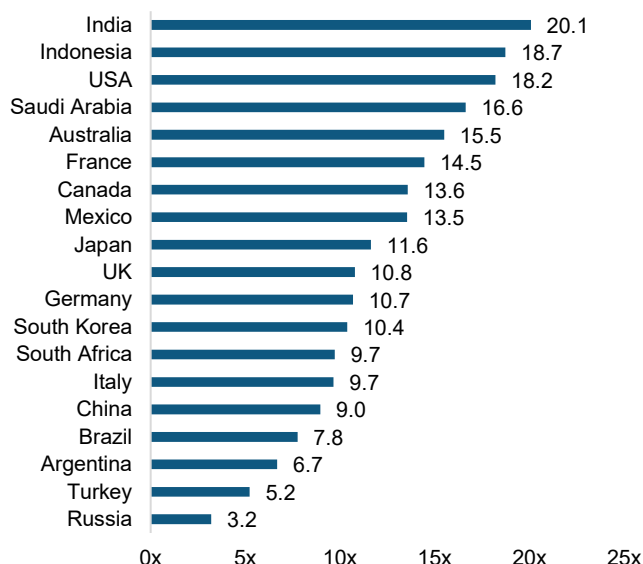
The Politburo indicated that it was willing to allow relaxation of macroprudential controls such as taxes, loan to value restrictions and resale restrictions, while maintaining tight control over use of funds and gearing in the housing sector. Over the long term, the current policy settings are likely to advantage the large, well-capitalised developers in China which we own, such as China Overseas Land & Investment and China Resources Land, in our view.

#### China is loosening as other economies tighten

None of this is new in essence. Liu He made similar statements in his March release, which saw a similar market bounce, and Chinese official policy has been stimulatory since late 2021. The point is that China is in partial lockdown when other countries are in full recovery and is stimulating as most other large economies commence interest rate tightening cycles and see declining fiscal support.

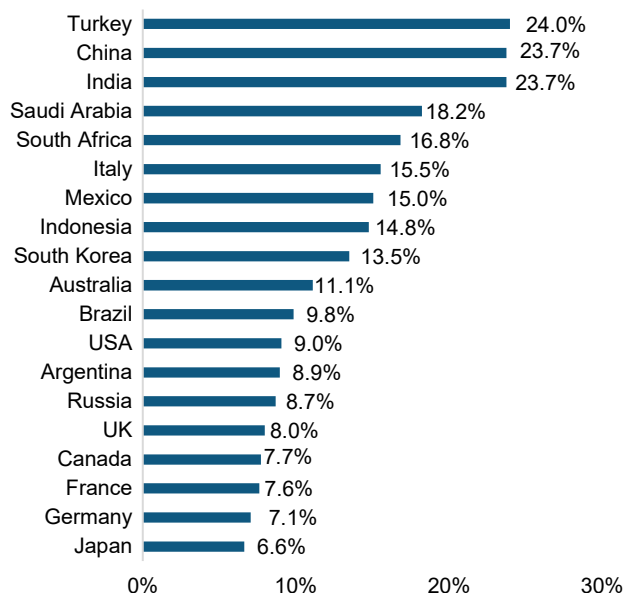
Perhaps more relevant than the market exuberance itself is the extremely beaten up state of Chinese equities – these are among the cheapest in the world, with ongoing earnings growth and very sophisticated businesses on offer. However, China's ongoing commitment to cracking down on Covid – now known as a "dynamic zero" approach – is restricting economic growth. China's April purchasing managers' index (PMI) readings were very weak: 47.4 in manufacturing and 41.9 in non-manufacturing (Source: Bloomberg). As such, China is in a holding pattern for now, with attempts to stimulate offset by severe interruptions to economic growth from lockdowns. It may be worth recalling that the depths of Covid lockdowns presented buying opportunities in Western markets over the last two years. Time will tell.

Major market price-earnings ratios - Next 12 months



Source: Chart 1 – IBES consensus, in local currency. Correct as at 3 May 2022.

Earnings per share growth - Next 12 months



Source: Chart 2 – IBES consensus, in local currency. Correct as at 3 May 2022.