

# Platinum Global Transition Fund (Quoted Managed Hedge Fund)

Fund in Focus



# Why are we here?

- ◆ The carbon transition is the **largest capital cycle** the world has ever attempted.
- ◆ **Around \$3.5 trillion a year** of capital investment will be needed on average between now and 2050 to build a net-zero global economy. Right now, we are **only spending around \$1 trillion per annum**.





# Who are we?

## Jodie Bannan – BCom (University of Sydney), CA (ICAA)

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- ◆ Co-Portfolio Manager of the Platinum Global Transition Fund (Quoted Managed Hedge Fund).
- ◆ Joined Platinum in 2017 covering energy, resources and industrials.
- ◆ Over 16 years of financial markets experience (Macquarie) and prior to that over 3 years experience in accounting.

## Liam Farlow – BEng Hons, BCom (Wollongong), MBA (AGSM)

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- ◆ Co-Portfolio Manager of the Platinum Global Transition Fund (Quoted Managed Hedge Fund). Team Leader for energy, resources and industrials industry team.
- ◆ Joined Platinum 2014 covering energy, resources and industrials.
- ◆ Over 16 years of financial markets experience (Macquarie and Westpac Institutional Bank) and prior to that over 10 years of industry experience at BlueScope Steel and BHP.

**32 years**  
combined  
financial markets  
experience

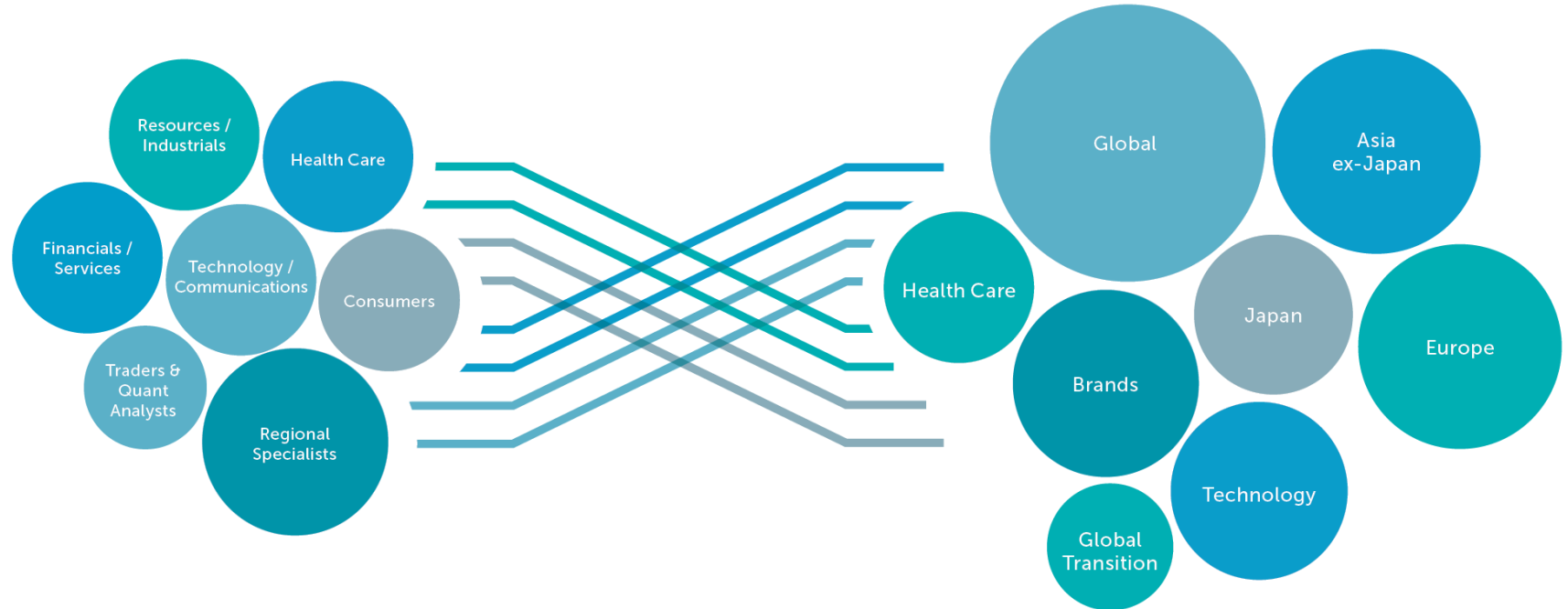
**10 years**  
working together

**7 years**  
working together  
at Platinum





# Supported by a team of 34 investment professionals





# Let's address what this fund is not

## The fund is not:

- ◆ An ESG fund
- ◆ An impact fund
- ◆ A low carbon fund
- ◆ A narrow fund that will only invest in energy companies
- ◆ A fund that invests in companies that have frothy valuations and/or unsustainable business models but can tell a good story





# What is this fund?

## Our investments are driven by evidence

- ◆ Metals, minerals and manufacturing companies are needed
- ◆ Large emitters can have the biggest impact on this transition
- ◆ It's not just a narrow set of companies that will benefit from this transition
- ◆ The transition will not be linear, cyclicalities presents us with opportunities
- ◆ The price you pay matters and there are attractively priced companies making money from this transition **RIGHT NOW**





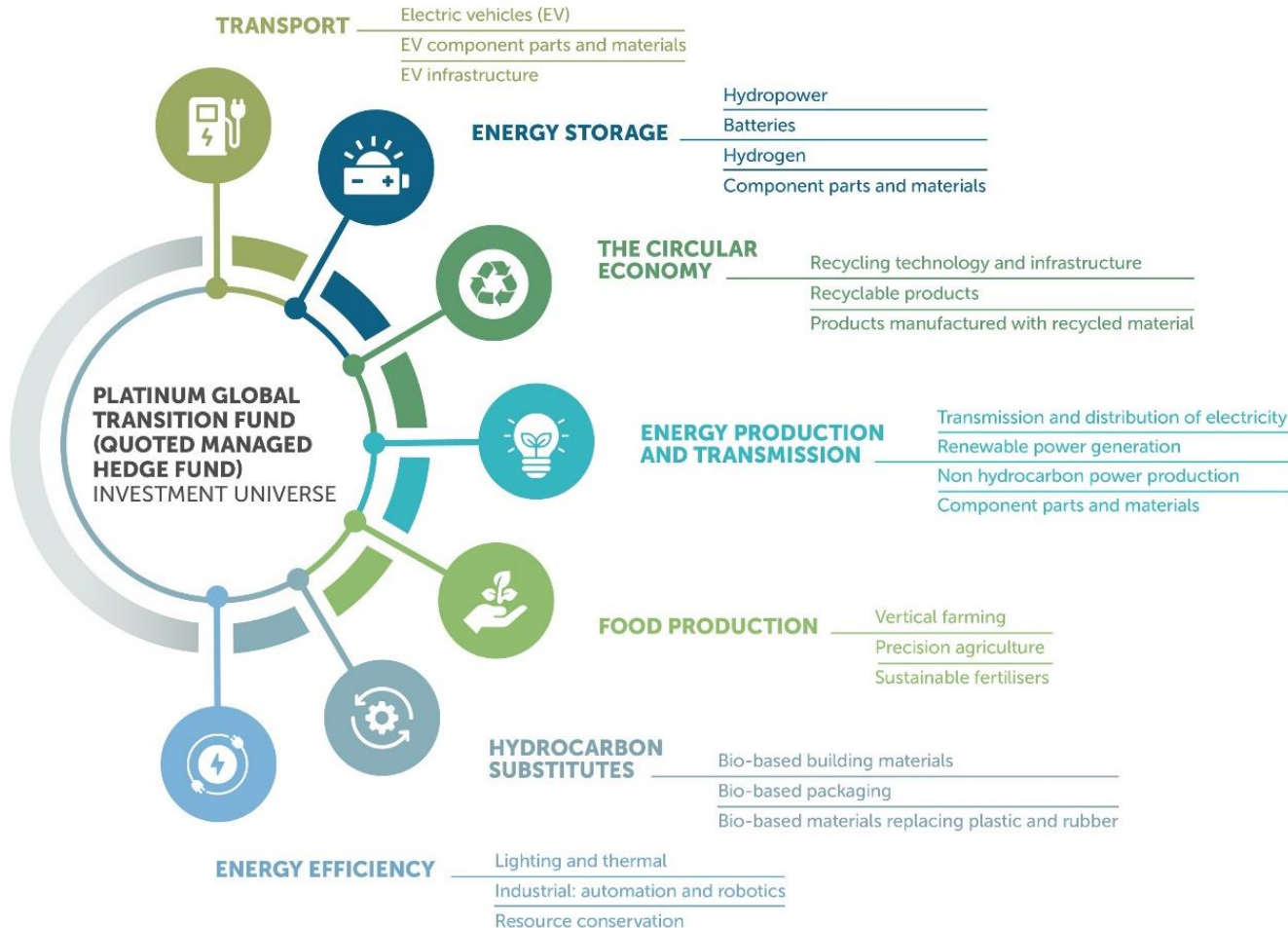
How does this align with Platinum's investment approach?

TRANSITION = CHANGE

CHANGE = MISPRICING

MISPRICING = OPPORTUNITY



























Source: Platinum. This is a stylised representation of a complex process. The graph depicts the objectives of Platinum's investment philosophy. Platinum does not guarantee that the objectives of its investment philosophy will always be achieved. \*Risk warning: The Platinum Global Transition Fund (Quoted Managed Hedge Fund) will not necessarily be invested in all of the above areas at any given time. By investing in companies involved in manufacturing or resource extraction, the Platinum Global Transition Fund (Quoted Managed Hedge Fund) will not by its nature be a low carbon emissions portfolio relative to the broader listed global equity market and may have investments in companies that currently have material fossil fuels businesses. New technologies and areas may emerge which seek to financially benefit from the carbon transition, over the next 20 years or so, which are not listed above. It is therefore not possible to exhaustively list all areas in which the Platinum Global Transition Fund (Quoted Managed Hedge Fund) may invest.







# Where are we currently invested?

Materials and components (15%)	Energy storage (12%)	The circular economy (12%)	Energy production and transmission (11%)
  	   	  	  
Energy efficiency (11%)	Transport (5%)	Hydrocarbon substitutes (3%)	Food production (3%)
  	  		 

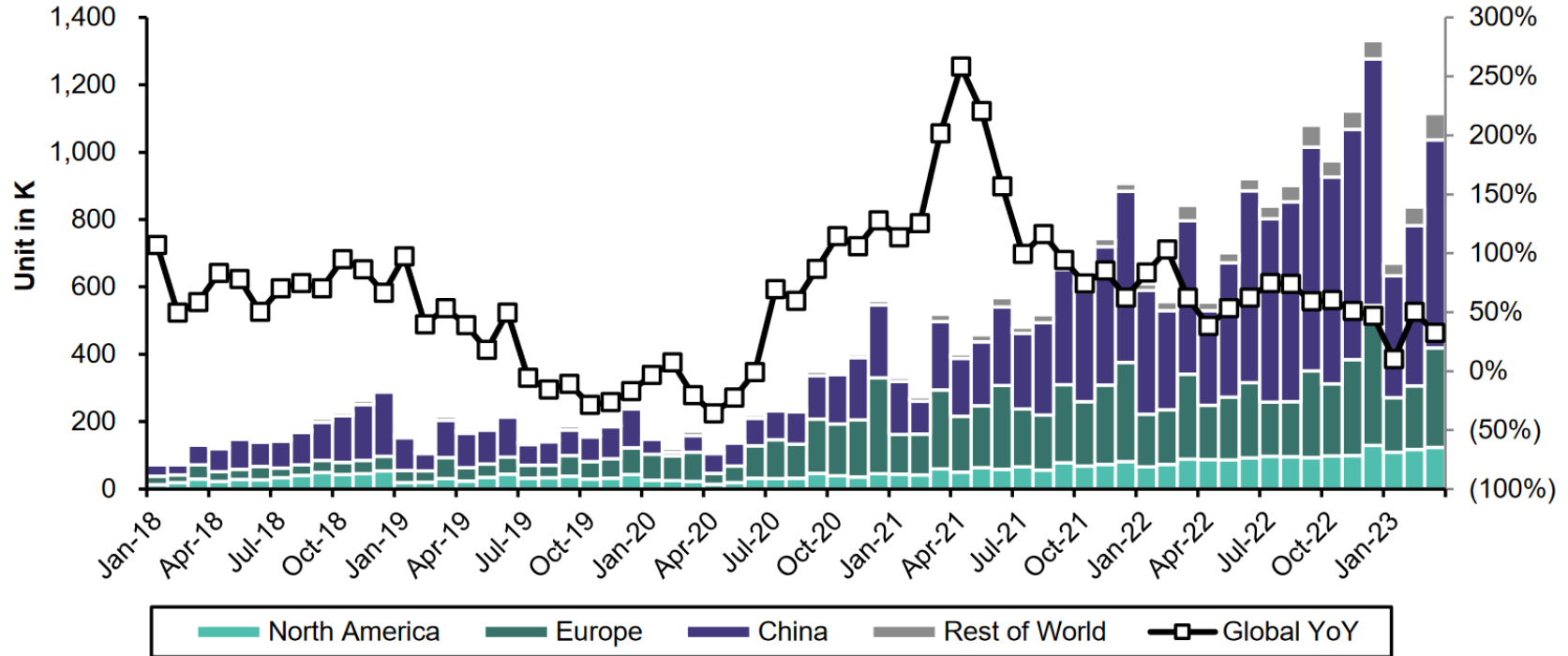
Source: Company websites. Note: Portfolio as at 30 April 2023. The companies above represent 62% of the portfolio. This is a stylised representation of a complex process. The table depicts the objectives of Platinum's investment philosophy. Platinum does not guarantee that the objectives of its investment philosophy will always be achieved. \*Risk warning: The Platinum Global Transition Fund (Quoted Managed Hedge Fund) will not necessarily be invested in all of the above areas at any given time. By investing in companies involved in manufacturing or resource extraction, the Platinum Global Transition Fund will not by its nature be a low carbon emissions portfolio relative to the broader listed global equity market and may have investments in companies that currently have material fossil fuels businesses. New technologies and areas may emerge which seek to financially benefit from the carbon transition, over the next 20 years or so, which are not listed above. It is therefore not possible to exhaustively list all areas in which the Platinum Global Transition Fund may invest.





# Transport - China dominates EV sales

Global BEV + PHEV monthly sales by major country/region



Source: SNE Research, Bernstein analysis

Note: BEV = Battery electric vehicle, PHEV = plug-in hybrid electric vehicle

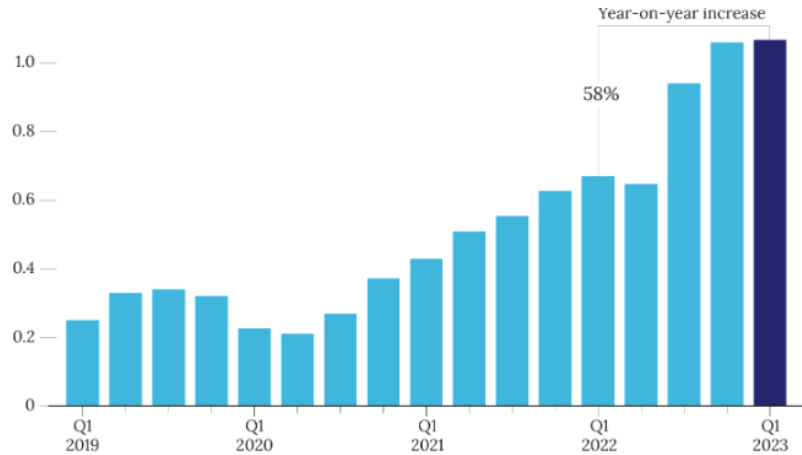
Only lithium-based battery chemistries are included in this data set; China data is based on EV production units



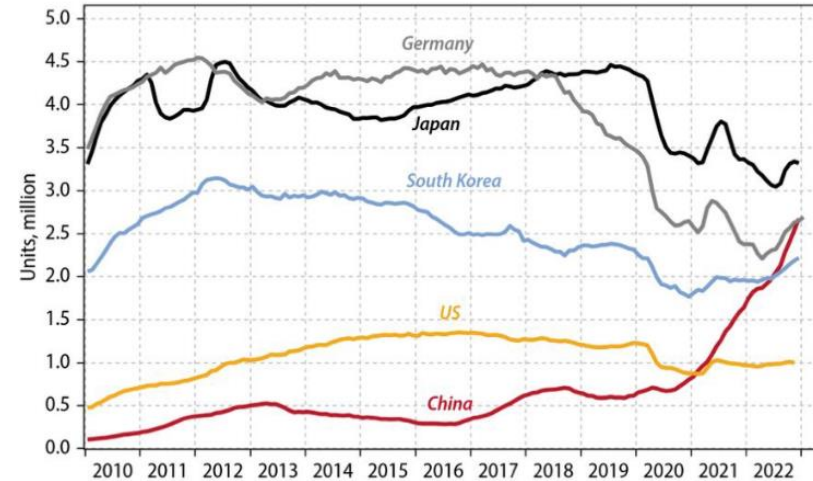


# Transport - China an auto export powerhouse

Number of vehicles exported by quarter (million)

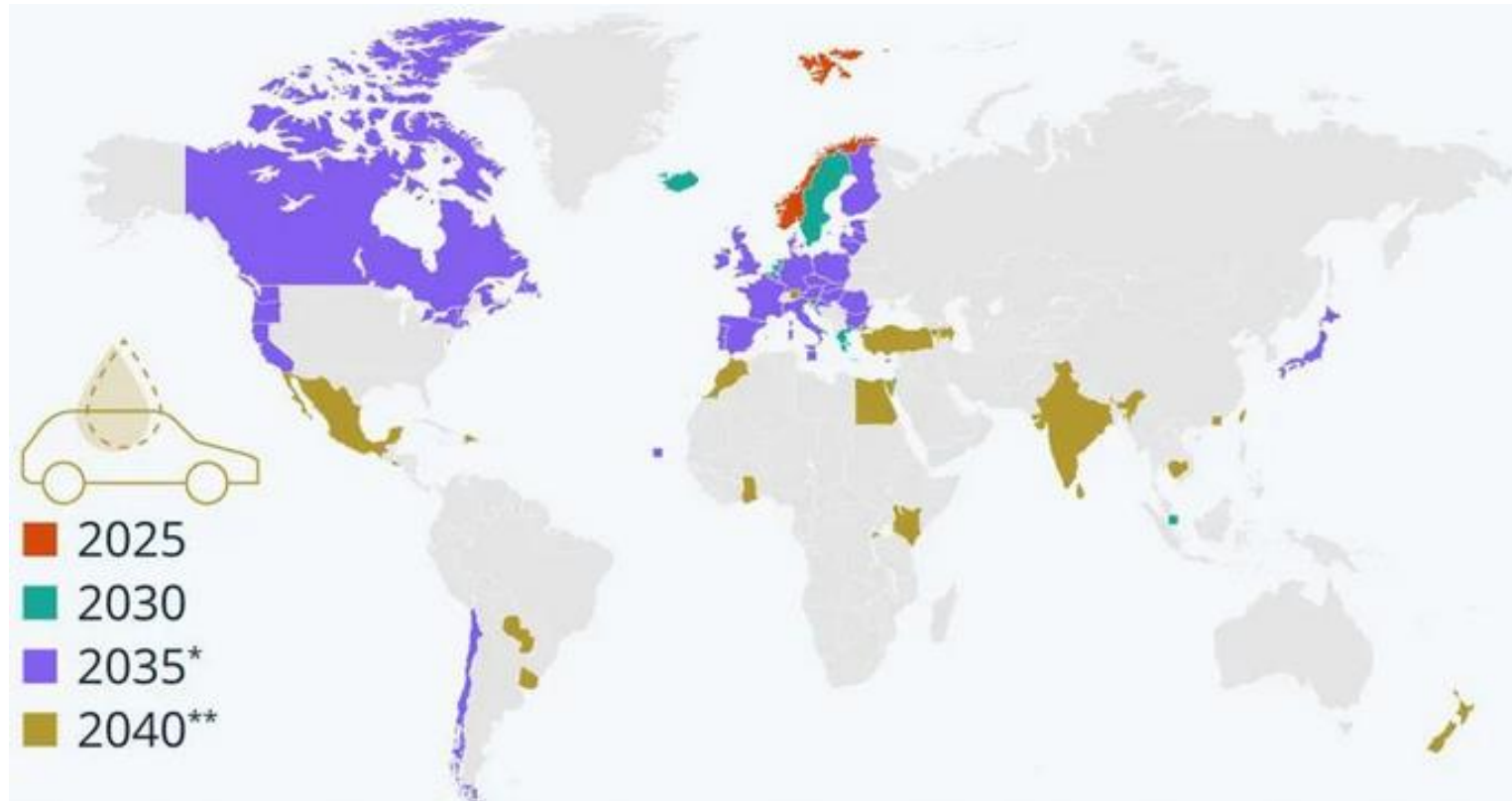


Exports of passenger cars; rolling 12mth sum





# Transport - Regulatory push for decarbonising transport



Source: Cultura, Statista research

\* Including EU-wide ban

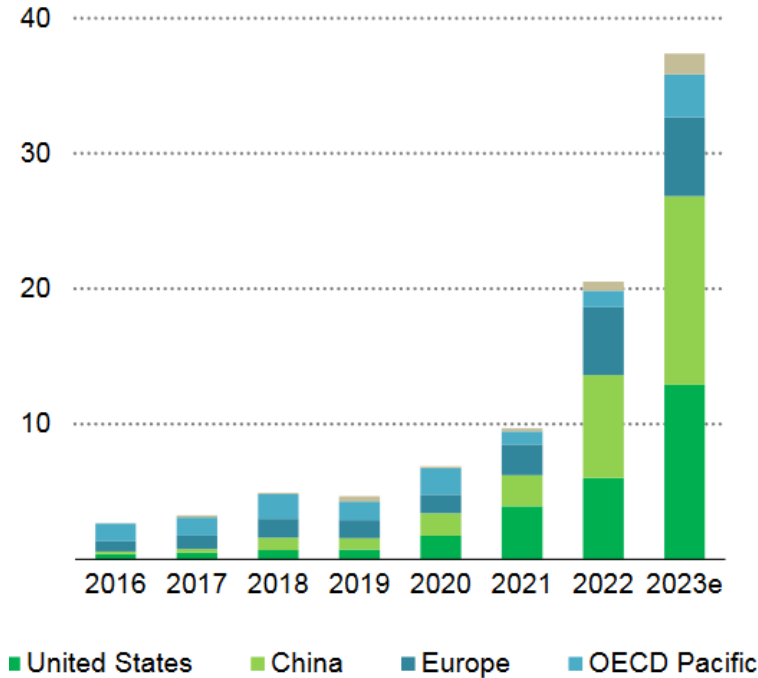
\*\* Including signatories of respective COP26 pledge



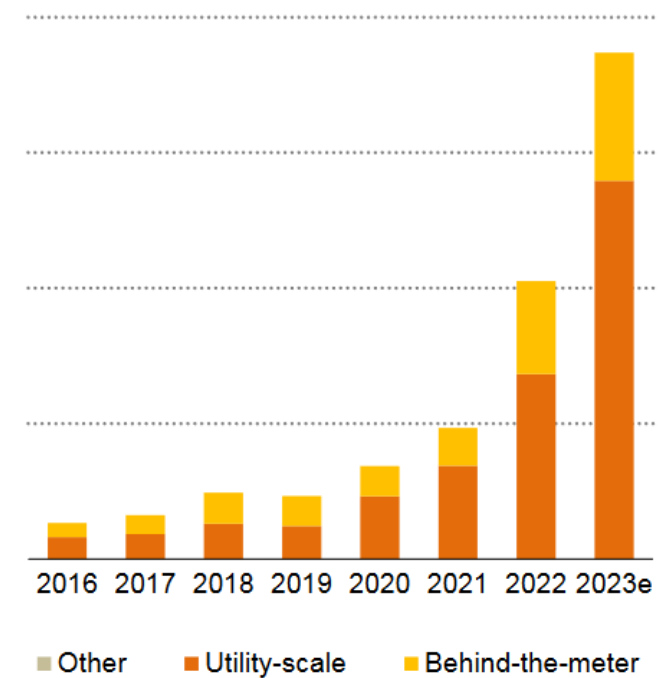


# Energy Storage - Battery storage charging up

Battery storage investment by geography, 2016-2023e (US\$bn)



Battery storage by segment, 2016-2023e (US\$bn)





# Long CATL - The leading battery manufacturer



## Suitability?

- Largest battery maker globally.
- Enabler of vehicle electrification.

## Change / Setback

- Concern around a pull forward in demand in China.
- Improvement in March / April.

## Drivers of future value and growth

- Battery capacity more than doubling by 2025.
- ESS batteries growing at a faster pace than EV.
- Largest and the lowest cost battery producer.
- Winning significant contracts outside of China.

## Valuation conscious

- ~20x NTM earnings, falling to ~13.5x by 2025.
- Double digit EBIT margins.
- Double digit ROIC.





# Long Siemens - Enabling automated factories



## Suitability?

- Manufacturer of factory automation products and software, electrification products, grid connection products.

## Change / Setback

- Concern car companies would stop investment in electric vehicles if consumers stopped buying cars.
- EV sales growth more robust than the market feared.
- Regulations force OEMs to commit to lower their fleet emissions.

## Drivers of future value and growth

- Factory automation and software required for the build out of electric vehicle and battery plants.
- Near-shoring of supply chains in semiconductors, data centres, other manufacturing.

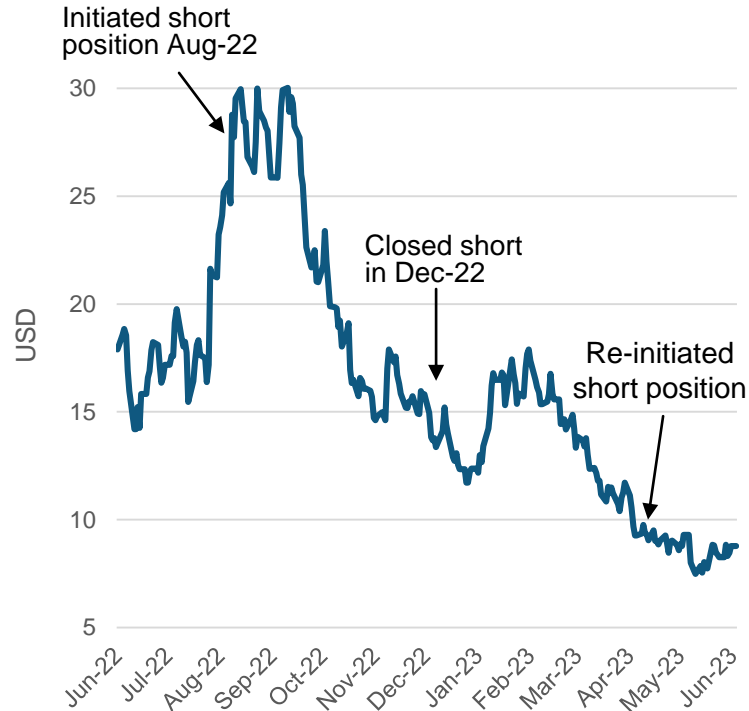
## Valuation conscious

- Trading on ~15x NTM earnings and consensus EPS growth is ~13%.





# Short Plug Power - Hydrogen hopeful



## Suitability?

- Fuel cell company with plans to be a vertically integrated pure green hydrogen company.
- Green hydrogen is an inefficient store of energy.

## Change / Setback

- Expansion plans and profitability targets are heroic.
- Repeatedly misses guidance.
- Has never made a profit.
- We do not believe it can profitably deliver on its strategy.

## Drivers of future value and growth

- Heavily loss making and burning cash.
- Costs of capital are increasing.
- Financials are complex and low quality.

## Valuation conscious

- Rely on equity markets to fund its growth for the foreseeable future.







## In summary

- ◆ This is a fund investing in those companies that are seeking to financially benefit from the transition away from fossil fuels.
- ◆ It is a long-dated theme that affects all parts of the economy, not just energy.
- ◆ We apply Platinum's contrarian investing philosophy and find those reasonably priced companies that are profiting from the transition TODAY.
- ◆ We can short the over-hyped stories with frothy valuations.





# How to invest

## Exchange traded

<b>How to invest:</b>	Australian Securities Exchange (Ticker: PGTX)
<b>Estimated management fees and costs:</b>	1.025% p.a. of NAV, plus Performance fee of 15% of the amount by which the Fund's return exceeds a return of 6% p.a.

## Unlisted

<b>How to invest:</b>	By completing the application form that accompanies the PDS or the online application form
<b>Minimum initial investment:</b>	A\$10,000 or NZ\$10,000 (same under regular investment plan)
<b>Buy / Sell spread:</b>	0.10% / 0.10% of NAV unit price
<b>Estimated management fees and costs:</b>	1.025% p.a. of NAV, plus Performance fee of 15% of the amount by which the Fund's return exceeds a return of 6% p.a.



# Investment Specialist Team



Henry Polkinghorne



Dean McLelland



Olivia Salmon

[invest@platinum.com.au](mailto:invest@platinum.com.au)





# Questions & Answers





Thank you for joining





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