

PLATINUM UNHEDGED FUND



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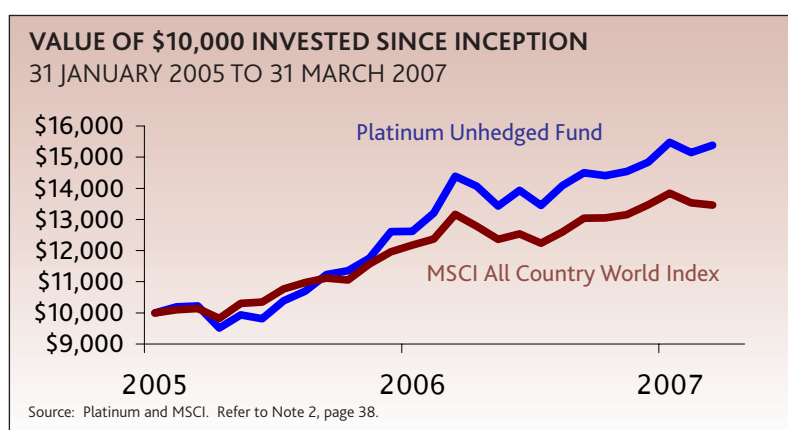
INTRODUCTION

The Platinum Unhedged Fund has the following mandate:

- a concentrated portfolio, no more than 50 stocks;
- no hedging of equity or currency exposure; and
- at least 90% invested in stocks.

The mandate is clearly different to the Platinum International Fund, a Fund that can both hedge equity and currency exposure, can run much lower overall net stock market exposure and hold more stocks.

Stock selection for the Platinum Unhedged Fund portfolio, whilst naturally following Platinum's tried and true preference for neglect, will be far more cognisant of stock specific currency exposure than the Platinum International Fund. This is best illustrated by way of a real life example. Platinum holds the view that the US dollar will continue to weaken against most Asian currencies as the rebalancing of trade flows takes place. By implication, we are interested in owning, at the right valuation, neglected export related stocks in the US that will benefit from this lower dollar, from pulp and paper through to technology stocks. (Please understand, the weak currency would be one part of the investment case for owning these stocks, rather than the sole reason). Now the Platinum International Fund's mandate, allows the portfolio manager to own these stocks, without any exposure to the US dollar (hedged out via a currency forward). The



Platinum Unhedged Fund's mandate does not afford this option, accordingly, the Fund will only own these stocks if we think the equity return will be enough to offset any return lost to US dollar weakness. As it happens, this is exactly what we do think and the Platinum Unhedged Fund currently has an 8% investment in US pulp and paper stocks. We have a strong view that we are at the beginning of a long period of sustained pricing power for pulp producers and that the US companies are best positioned globally to capitalise on this.

Whilst the same analyst team generates research ideas for both the Platinum International Fund and the Platinum Unhedged Fund, the lack of hedging in the latter Fund will mean portfolio construction could be quite different.

PORTFOLIO POSITION

Some of the themes/large positions contained in the current portfolio include:

- 14% Pulp and Paper, key neglected part of the commodities complex (International Paper, Stora Enso, et al);
- 10% Energy and Agriculture (Royal Dutch Shell, Areva, Mosaic);-
- 10% Japanese property related; showing signs of life after a 14 year bear market (construction companies and banks);
- 9% Technology; focus on large cap tech (Ericsson, Samsung Electronics, Sharp and Microsoft);
- 8% Japanese consumption related (Fuji Television Network, Yamato Holdings, Dai Nippon Printing);
- 7% Gold, a laggard metal, inflation and US dollar hedge (Barrick Gold, Newmont Mining);

- 5% Western countries public infrastructure renewal (Bombardier, Siemens, also via the Japanese construction companies and energy contractors included above; broadly defined, total exposure more like 12%);
- 4% Thailand related; key neglected Asian market (Bangkok Bank).

The residual third of the portfolio is less thematic and more stock specific in nature – the larger positions include Hutchison Whampoa, Publicis Group and Pfizer.

You will see from the table below that our stock selection results in a final country/regional exposure that is quite different to the composition of the MSCI All Countries World Net Index. By comparison we are strongly over-weight in Asian equities, with relatively less preference for US and European equities. We would not make too big a deal about this, other than to say that we focus on constructing a portfolio based on the best available ideas, rather than getting caught up in macro economic prognostications.

PLATINUM AND MSCI WORLD INDEX REGIONAL WEIGHTINGS		
REGION	PLATINUM	MSCI
NORTH AMERICA	30%	48%
JAPAN	24%	10%
EUROPE	22%	30%
ASIA AND OTHER	15%	10%
AUSTRALIA	0%	2%

Source: Platinum and MSCI