PLATINUM GLOBAL MANAGED FUND

Fund shines with disciplined process, stock picks

Raging Bull Award for the Best (FSCA-approved) Offshore Global Asset Allocation Fund on a risk-adjusted basis over five years to December 31, 2019

CHAROLYN Pedlar, portfolio manager at Platinum Portfolios Global, with the Raging Bull for the Platinum Global Managed Fund.

PLATINUM Portfolios Global is a Mauritius-based fund management company that manages money exclusively for private clients.

In the five years to the end of 2019, its Platinum Global Managed Fund, which is denominated in US dollars, returned an average of 7.24% a year (11.39% in rands), according to its December 2019 fact sheet, at lower risk than other funds in the category, earning it the Raging Bull Award for the best offshore asset-allocation (multi-asset) fund approved by the Financial Sector Conduct Authority to be marketed in South Africa.

The fund was launched in May 2013 and has been managed since its inception by Charolyn Pedlar and Mel Meltzer, who have a combined experience in the industry of more than 60 years. Personal Finance asked them about the fund.

Please outline the fund's objective and investment strategy. The fund has a flexible mandate and can invest in a wide range of asset classes and currencies, including global equities, global property, global fixed income and money market instruments. The managers have maximum flexibility to vary investments between the asset classes.

The fund's investment objective is good, risk-adjusted returns over the long term and aims to outperform the MSCI World US$ Index with less risk over the long term.

The fund's investment strategy is to invest in good-quality businesses for the long term. We consider quality businesses to be those that have a durable competitive advantage, or moat, that protects them against their competitors, and allows them to earn high returns on capital over the long term. We also look for companies that have good cash flows, manageable debt levels, are resilient to disruptors and pay attractive, growing dividends. Once we have identified these great businesses, we will patiently wait to buy them when they are well under their fair-value price, which gives us a margin of safety.

To what do you attribute the fund's outperformance? Last year was a good year for us. None of the companies that we owned had a negative return for the year. We believe that our disciplined investment process, risk-management strategies and stock picking allowed us to deliver good returns.

Were there any particular standouts in the portfolio? Our IT stocks were the top performers in 2019. Apple was the star performer and was up well over 100% for the year. Apple's performance once again proved that great businesses with good management will continue to deliver and surprise investors. The company's revenue composition changed noticeably in 2019. As smartphone sales struggled throughout the year in important, two of their business segments stepped up to the plate and picked up the slack: wearable and services. The demand for Apple AirPods surprised the market. The company sold more than 60 million in 2019 and it is estimated to sell more than 100 million in 2020. It's estimated that the Apple AirPods will generate over $15 billion in sales this year, with a profit margin of over 50%. The AirPods sales, coupled with a strong update from Apple on the revenue generated from its apps, have reduced the company's reliance on hardware sales even further.

How have you positioned the fund for the year ahead? The positioning in the fund will remain conservative into 2020. Most of the stocks are on fair value or more expensive, and so we will rebalance to neutral positions moving forward.

| Martin Hesse