Platinum Global Fund®

ARSN 600 630 537

Quarterly Investment Manager's Report

31 March 2024

Platinum® GLOBAL FUND

Platinum® ASSET MANAGEMENT

Investment Update

Platinum Global Fund

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Portfolio Manager

Overview

- Returns for the quarter were boosted by our holdings in companies that benefit from investment in artificial intelligence. Taiwan's **TSMC** (+30%) and **Micron** (+38%) were up strongly. US technology giants **Meta** (up 37%) and **Alphabet** (+8%) also delivered healthy gains over the quarter.
- The main detractor was UK wealth manager, **St James' Place** (-32%) which was hit by new regulations that forced it to lower its fee schedule. It then announced the need to compensate some 2% of its customers who had not received adequate advice documentation.
- The global economic picture now looks more positive with low unemployment numbers in the US and Europe and a recovery in Japan. There are also some welcome indicators of economic improvement in China – both consumer spending and manufacturing PMIs have edged up.

Performance

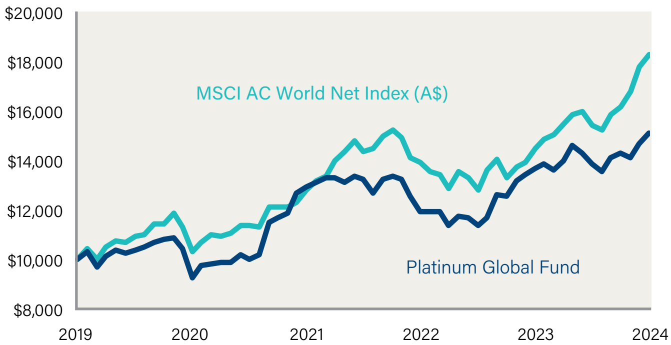
compound p.a., to 31 March 2024

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Global Fund*	5.6%	10.7%	5.4%	8.6%	9.2%
MSCI AC World Index^	13.2%	26.5%	12.6%	12.8%	12.5%

* Excluding quarterly returns. Fund returns are after fees and costs, before tax, and assuming reinvestment of distributions.
Inception date: 8 September 2014.
^ Index returns are those of the MSCI All Country World Net Index in AUD.
Historical performance is not a reliable indicator of future performance.
Source: Platinum Investment Management Limited for Fund returns; FactSet Research Systems for Index returns. See note 1, page 7.

Value of $10,000 invested over five years

31 March 2019 to 31 March 2024



After fees and costs, before tax, and assuming reinvestment of distributions.
Historical performance is not a reliable indicator of future performance.
Source: Platinum Investment Management Limited, FactSet Research Systems.
See notes 1 & 2, page 7.

From a geographic perspective we saw good returns from our US (+19%) and Japanese positions (+7%), while our holdings in China (around 2%) and Europe (3%) were more muted.

In terms of positions, our holdings in companies that benefit from *investment* in artificial intelligence did well, with **TSMC** (+30%) and **Micron** (+38%) up strongly. US technology giants **Meta** (up 37%) and **Alphabet** (+8%) recorded healthy gains over the quarter.

Our travel holdings continued to perform. **Trip.com**, which owns leading online travel agencies in both the Chinese and Indian markets, rose around 25%, while European aircraft giant **Airbus** and low-cost Indian airline, **Interglobe** both rose around 20%.

The main detractors over the quarter were UK wealth manager **St James' Place** (-32%) and Finnish pulp producer **UPM** (-9%). UPM's problem is temporary (a timing delay on the full ramp up of their new pulp mill in Uruguay).

St James' Place has more enduring issues. The company, which was initially hit due to the need to lower its fee schedule, has announced that they had not adequately documented the provision of advice for some 2% of their customers since 2018, with fees to be refunded. While we are encouraged by the proactive approach the company is taking to righting this (for example, a full review of all records, actively reaching out to customers), it is a problem that will take some years to resolve. We are happy to take a long-term view on holding this stock.

Commentary – AI and its use cases

We are often asked to share our thinking about AI as an investment theme and about the investments we hold in the space.

Like the personal computer, AI looks to be a classic multipurpose technology that will touch and even transform many industries. Its use cases can be viewed across two tracks:

- Companies operating at huge scale (such as Meta, Google and Amazon) are seeing high value use cases in advertising targeting and content creation – whether that be text, image, video, speech or coding.
- The use cases in the consumer or broader enterprise space are far less clear, with most still in experimentation phase.

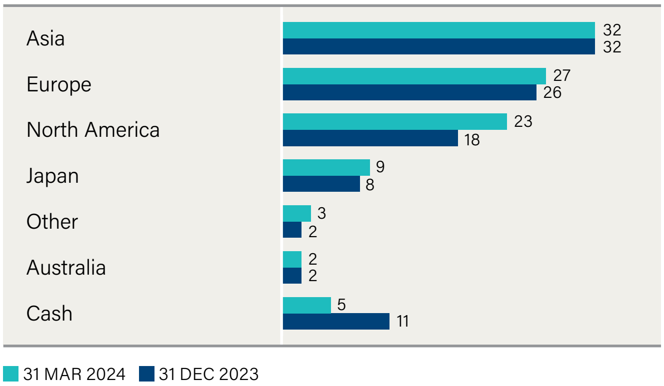
Investment history tells us that these type of technology advances are often a double edge sword. Fortunes can be made investing in the long-term winners, but picking those winners – especially in the early stages – is very difficult.[1]

Our approach is not to make bold forecasts about the potential size of the AI market or about who the ultimate winners from this technology revolution will be.

Instead we invest in reasonably-valued businesses who will perform very well if AI spending/applications continue to grow but who all have strong non-AI businesses that will underpin their performance should the AI theme take longer to play out.

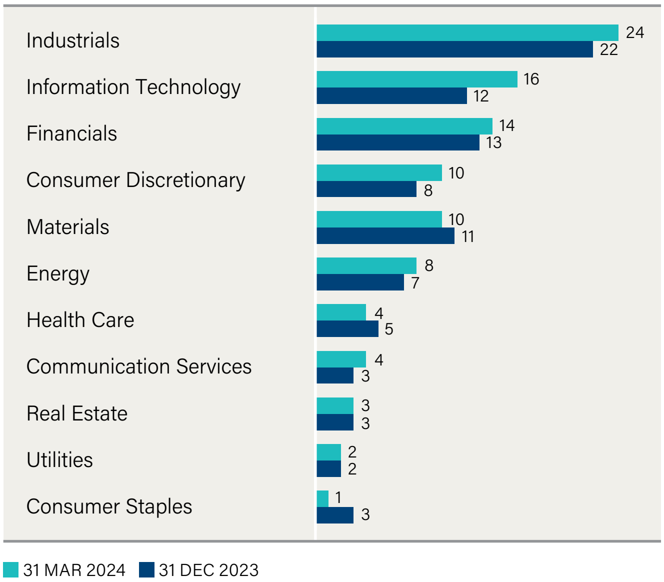
1 See "Engines that move Markets" by Alasdair Nairn. It's key lesson: the ultimate losers from new technology are far easier to predict than the actual winners.

Disposition of Assets %



See note 3, page 7. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures %



See note 4, page 7. Numerical figures have been subject to rounding
Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Samsung Electronics Co Ltd	South Korea	Info Technology	5.3%
ZTO Express Cayman Inc	China	Industrials	4.1%
Itochu Corp	Japan	Industrials	3.6%
Trip.com Group Ltd	China	Cons Discretionary	3.6%
Taiwan Semiconductor	Taiwan	Info Technology	3.4%
UBS Group AG	Switzerland	Financials	3.4%
Allfunds Group Plc	UK	Financials	3.1%
Broadcom Inc	US	Info Technology	3.1%
UPM-Kymmene OYJ	Finland	Materials	3.0%
TransUnion	US	Industrials	2.8%

As at 31 March 2024. See note 5, page 7.
Source: Platinum Investment Management Limited.

Taiwan Semiconductor Manufacturing Company

TSMC is the world's best independent semiconductor foundry. The difficulty and cost of producing leading edge semiconductors has seen most of the industry switch to the 'fabless' model, with giants like Nvidia, Apple and AMD designing their chips, while outsourcing the manufacturing to TSMC. TSMC has three major advantages over their competitors Intel and Samsung:

- A process node lead – in simple terms TSMC has a miniaturisation advantage that means they produce chips with a price/performance/energy consumption advantage.
- A three decade ecosystem – TSMC customers have standardised around TSMC's production techniques.
- Independence – TSMC does not compete with its customers.

These advantages show up in TSMC's financial results, with the company routinely making 40% operating margins and post-tax returns on capital of 35%. The rise of AI represents a large new growth market for TSMC – whatever the winning technology.

Broadcom

Broadcom is high quality semiconductor and enterprise infrastructure software provider. The jewel in Broadcom's crown is its dominant position in networking and custom AI chips.

In *networking* there is a clear scaling relationship with AI models. The larger the dataset they are trained on, the better the capability. With the latest models trained on datasets of many trillions of parameters, it is no longer practical to do this on a single server with multiple GPUs. Instead it requires thousands of servers to be networked together, so the training can be spread across them in a synchronous manner.

This need for efficient networking is a key bottleneck for AI servers and Broadcom has the leading solution via their Tomahawk networking chips.

As the size and complexity of AI training models increase, we are starting to see the largest companies in the industry custom design chips for that singular purpose. Broadcom is a key player here.

Broadcom's biggest customer is Google. It produces their tensor processing unit chips and that will likely generate circa $5 billion of revenue this year. Broadcom is also working on custom AI chips for Microsoft and Meta. It's likely Amazon will follow.

Over the past year Broadcom's AI related revenue has risen four-fold. It is set to account for roughly 30% of their sales in 2024.

The memory manufacturers – Samsung and Micron

The common thread across AI model training is 'more' – huge datasets, huge computation power, huge energy consumption. Naturally there is an equally huge imperative to make these inputs more efficient.

'High bandwidth memory' (HBM) is a relatively new form of memory that achieves these goals, with the memory directly stacked on the AI processor chip. In addition to a significant higher price point, the amount of capacity required to produce HBM is 2-3x that of regular DRAM. This capacity being diverted to producing HBM has significantly tightened the supply/demand balance of the DRAM industry.

The fact this is happening at the same time DRAM demand from traditional sources (PCs, phones etc) is bouncing back could produce some excellent profit outcomes for **Samsung** and Micron.

Overall, our exposure to companies who benefit from AI – but are not solely reliant on it – is roughly 14% of the portfolio.

Outlook

When we scan the global economy we see many leading indicators now pointing upwards. The unemployment numbers in the US and Europe are low, consumer and business activity in Japan is on the up. There are some welcome indicators of economic improvement in China (both consumer spending and manufacturing PMIs have edged up).

Today investor sentiment is quite positive, though the major geopolitical issues have not gone away (Ukraine, Taiwan, Gaza).

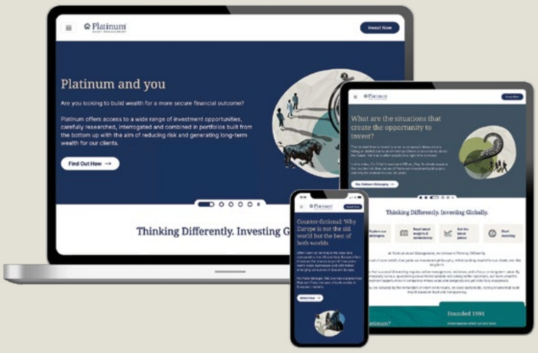
Concerns of recession have faded and in some pockets of the market speculation has returned in full force (particularly in crypto coins and in retail favourites like Super Micro). That said, we are still finding plenty of valuation dispersion and company specific mispricings to take advantage of. Market gains are starting to broaden out and that bodes well for future returns from the portfolio – which is well-diversified across the US, Asia and Europe.

Highlights from The Journal

Visit www.platinum.com.au/mfund/pgf to find a repository of information about Platinum Global Fund (PGF), including:

- Distribution history and statements
- ASX releases and financial statements
- Monthly updates on PGF's investment performance, portfolio positioning and top 10 holdings.

You can find a range of thought-provoking articles and videos on our website in **The Journal** under **Insights & Tools.**



VIDEO

The lure of large numbers[1]

Cars, beer, the global semiconductor market. Sometimes it pays to play in really big ponds. In this video our team look at some high-quality businesses doing just that – and at the opportunity that offers investors.

ARTICLE

Fear of Running Out[2]

After a long period of weakness, demand for uranium is on the up. In this article we look at the forces driving that demand and at some companies likely to benefit.

ARTICLE

Toyota: How the hybrid engine regeared the investment case[3]

How should car companies manage the EV megatrend? Toyota took their own path and it looks like it's paying off for their investors.

ARTICLE

China: Why stay the course?[4]

Since Covid, the Chinese sharemarket has been left behind by other regions – especially the US. Investment Specialist, Olivia Salmon looks at what went wrong in China and at the longer-term outlook for this severely beaten-down market.

1 www.platinum.com.au/the-journal/video-the-lure-of-large-numbers
2 www.platinum.com.au/the-journal/fear-of-running-out
3 www.platinum.com.au/the-journal/toyota-how-the-hybrid-engine-regeared-the-investment-case
4 www.platinum.com.au/the-journal/china-why-stay-the-course

Notes: Unless otherwise specified, all references to "Platinum" in this report are references to Platinum Investment Management Limited (ABN 25 063 565 006, AFSL 221935).

Some numerical figures in this publication have been subject to rounding adjustments. References to individual stock or index performance are in local currency terms, unless otherwise specified.

1. Fund returns are calculated by Platinum using the net asset value unit price (i.e. excluding the buy/sell spread) and represent the combined income and capital returns over the specified period. Fund returns are net of fees and costs, pre-tax, and assume the reinvestment of distributions. The MSCI index returns are in AUD, are inclusive of net official dividends, but do not reflect fees or expenses. MSCI index returns are sourced from FactSet Research Systems. Platinum does not invest by reference to the weightings of the specified MSCI index. As a result, the Fund's holdings may vary considerably to the make-up of the specified MSCI index. MSCI index returns are provided as a reference only. The investment returns shown are historical and no warranty is given for future performance. Historical performance is not a reliable indicator of future performance. Due to the volatility in the Fund's underlying assets and other risk factors associated with investing, investment returns can be negative, particularly in the short term.
2. The investment returns depicted in the graph are cumulative on A$10,000 invested in the Fund over the specified period relative to specified MSCI index.
3. The geographic disposition of assets (i.e. other than "cash") shows the Fund's exposures to the relevant countries/regions through its long securities positions and long securities/index derivative positions, as a percentage of its portfolio market value. Country classifications for securities reflect Bloomberg's "country of risk" designations. "Cash" in this table includes cash at bank, cash payables and receivables and cash exposures through derivative transactions.
4. The table shows the Fund's exposures to the relevant sectors through its long securities positions and long securities/index derivative positions, as a percentage of its portfolio market value. 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".
5. The table shows the Fund's top ten positions as a percentage of its portfolio market value taking into account its long securities positions and long securities derivative positions.

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