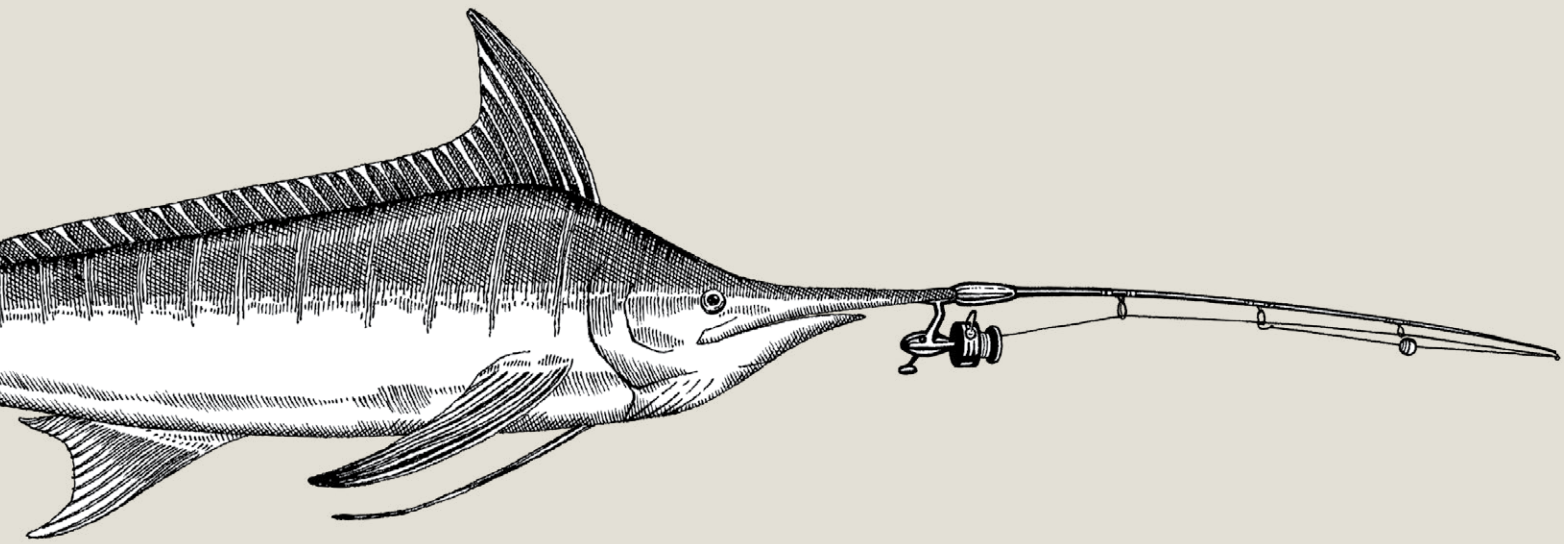
Platinum International Fund
Platinum Global Fund (Long Only)
Platinum Asia Fund
Platinum European Fund
Platinum Japan Fund
Platinum International Brands Fund
Platinum International Health Care Fund
Platinum International Technology Fund

Platinum
ASSET MANAGEMENT

Quarterly Report

30 SEPTEMBER
2023



Contents

Macro Overview (Audio): A Cautious Approach is Warranted, But Opportunities Still Prevail

by Andrew Clifford, Co-Chief Investment Officer

In late September, Platinum CEO and Co-CIO Andrew Clifford sat down with investment analyst Julian McCormack to discuss global markets. Andrew discussed the need for caution in the US, why Japan is now an attractive investment destination and some incredible growth opportunities in China – particularly in the delivery, travel and auto sectors. Meanwhile, while concerns linger about a possible economic recession, we're focusing on attractively valued companies that may have already had *their* recession.

Scan the QR code or go to www.platinum.com.au/insights-tools/the-journal

The Platinum Trust quarterly report is available on our website from approximately the 15th of the month following quarter end.
Visit www.platinum.com.au/Investing-with-Us/Investment-Updates

Performance Returns

to 30 September 2023

FUND (C CLASS – STANDARD FEE OPTION) (P CLASS – PERFORMANCE FEE OPTION)	PORTFOLIO VALUE A$ MIL	QUARTER	1 YEAR	2 YEARS COMPOUND P.A.	3 YEARS COMPOUND P.A.	5 YEARS COMPOUND P.A.	SINCE INCEPTION COMPOUND P.A.	INCEPTION DATE
Platinum International Fund (C Class)	**6,156.5**	**-0.2%**	**15.1%**	**3.8%**	**10.2%**	**5.5%**	**11.3%**	**30 Apr 1995**
Platinum International Fund (P Class)	27.6	-0.2%	15.3%	4.0%	10.5%	5.8%	6.5%	3 Jul 2017
MSCI All Country World Net Index (A$)		-0.4%	20.3%	3.6%	10.7%	8.9%	7.4%	30 Apr 1995
Platinum Global Fund (Long Only) (C Class)	**166.2**	**-1.0%**	**22.9%**	**1.0%**	**10.6%**	**4.6%**	**9.8%**	**28 Jan 2005**
Platinum Global Fund (Long Only) (P Class)	2.8	-0.9%	23.2%	1.2%	10.9%	4.8%	6.6%	3 Jul 2017
MSCI All Country World Net Index (A$)		-0.4%	20.3%	3.6%	10.7%	8.9%	7.9%	28 Jan 2005
Platinum Asia Fund (C Class)	**2,385.6**	**-2.1%**	**9.6%**	**-5.2%**	**-0.6%**	**5.0%**	**12.2%**	**4 Mar 2003**
Platinum Asia Fund (P Class)	9.4	-2.1%	9.9%	-4.9%	-0.3%	5.0%	5.9%	3 Jul 2017
MSCI All Country Asia ex Japan Net Index (A$)		-0.3%	10.5%	-6.0%	0.1%	2.9%	8.6%	4 Mar 2003
Platinum European Fund (C Class)	**343.2**	**-2.6%**	**22.4%**	**-0.4%**	**10.1%**	**2.8%**	**10.3%**	**30 Jun 1998**
Platinum European Fund (P Class)	4.0	-2.5%	22.7%	-0.1%	10.4%	3.0%	5.1%	3 Jul 2017
MSCI All Country Europe Net Index (A$)		-1.9%	28.8%	2.7%	10.3%	5.9%	3.6%	30 Jun 1998
Platinum Japan Fund (C Class)	**415.6**	**-1.6%**	**12.8%**	**0.4%**	**7.4%**	**4.3%**	**12.6%**	**30 Jun 1998**
Platinum Japan Fund (P Class)	9.9	-1.6%	13.1%	0.6%	7.7%	4.6%	5.6%	3 Jul 2017
MSCI Japan Net Index (A$)		1.5%	25.4%	-0.2%	6.5%	4.4%	3.4%	30 Jun 1998
Platinum International Brands Fund (C Class)	**392.0**	**-4.7%**	**8.6%**	**-8.7%**	**5.1%**	**4.9%**	**11.1%**	**18 May 2000**
Platinum International Brands Fund (P Class)	2.0	-4.7%	8.9%	-8.5%	5.3%	5.1%	6.3%	3 Jul 2017
MSCI All Country World Net Index (A$)		-0.4%	20.3%	3.6%	10.7%	8.9%	4.5%	18 May 2000
Platinum International Health Care Fund (C Class)	**401.7**	**-2.2%**	**6.7%**	**-13.6%**	**0.0%**	**4.4%**	**8.9%**	**10 Nov 2003**
Platinum International Health Care Fund (P Class)	9.9	-2.1%	6.9%	-13.3%	-0.4%	4.0%	7.2%	3 Jul 2017
MSCI All Country World Health Care Net Index (A$)		0.4%	10.2%	4.7%	8.8%	9.0%	9.4%	10 Nov 2003
Platinum International Technology Fund (C Class)	**130.0**	**-0.9%**	**22.8%**	**-2.0%**	**5.1%**	**8.6%**	**9.3%**	**18 May 2000**
Platinum International Technology Fund (P Class)	3.5	-0.8%	23.1%	-1.8%	5.4%	8.9%	9.6%	3 Jul 2017
MSCI All Country World IT Net Index (A$)		-3.2%	35.4%	5.6%	13.0%	17.5%	4.6%	18 May 2000

Fund returns are net of accrued fees and costs, are pre-tax, and assume the reinvestment of distributions. Historical performance is not a reliable indicator of future performance. Source: Platinum Investment Management Limited for Fund returns and FactSet Research Systems for MSCI index returns. See note 1, page 36.

Platinum International Fund

Andrew Clifford
Portfolio Manager

Clay Smolinski
Portfolio Manager

Nik Dvornak
Portfolio Manager

Overview

- The Fund's performance was broadly flat over the quarter. Pulp producers Suzano and UPM rose as a result of higher pulp prices. PDD Holdings – a Chinese e-commerce business – delivered good earnings as Chinese consumers boosted their online purchases and they increased market share. Swiss financial services giant, UBS Group rallied as the market digested the potential of its Credit Suisse acquisition.
- Despite a long series of interest rate rises, global stock markets have rallied strongly – partly around the possibilities of AI. As a result, a disproportionate percentage of market returns are coming from the so-called magnificent seven of Apple, Microsoft, Amazon, Google, NVIDIA, Tesla and Facebook.
- Outside these favoured names, there are many companies that have experienced significant setbacks in both their businesses and stock prices and thus represent good buying opportunities. We expect the Fund's strategy of avoiding – or shorting – expensive growth stocks and focussing on better-priced businesses will contribute to returns in the medium term.

Performance

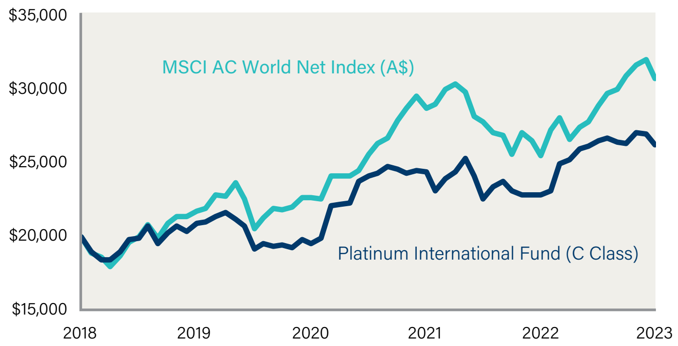
compound p.a.+, to 30 September 2023

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Fund*	0%	15%	10%	6%	11%
MSCI AC World Index^	0%	20%	11%	9%	7%

+ Excluding quarterly returns.
* C Class – standard fee option. Inception date: 30 April 1995.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI All Country World Net Index in AUD.
Source: Platinum Investment Management Limited, FactSet Research Systems.
Historical performance is not a reliable indicator of future performance.
See note 1, page 36. Numerical figures have been subject to rounding.

Value of $20,000 invested over five years

30 September 2018 to 30 September 2023



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 36.

The Fund (C Class) returned -0.2% for the quarter.

The main factor driving markets over the quarter was changing expectations for interest rates globally. While we believe the tightening cycle is either at or near its end, significant interest rates cuts seem unlikely, especially in the US where the economy remains robust on the back of ongoing fiscal stimulus. In China the drag of a weak property sector remains the key concern and although the government continues to implement policy measures to boost the economy and the property market, stock markets – for now – remain unconvinced.

In our portfolio, strong contributors to performance included pulp producers **Suzano** (share price up 22% over the quarter) and **UPM** (up 19%) as a result of higher pulp prices. **PDD Holdings** (up 40%), a Chinese e-commerce business, produced strong earnings as Chinese consumers boosted their online purchases and new competition rules allowed the company to take market share. **UBS Group** (up over 22%) rallied as the market gained confidence in the value of its Credit Suisse acquisition. Our short positions added modestly to overall returns.

Detractors included our investments in airlines **Wizz Air** (down 31%) and **InterGlobe Aviation** (down 9%) as a result of concerns over rising fuel prices. **LG Chem** (down 25%) fell due to concerns that fading momentum in global electric vehicle (EV) sales would affect results from their EV battery business.

Commentary

Across the globe commentators continue to debate a series of big questions.

- How many interest rate rises are left, if any?
- Will inflation recede or will tight labour markets keep pushing up prices?
- Will the USA and Europe escape recession and enjoy a soft landing?

Meanwhile global stock markets have rallied strongly from the lows of 2022 and remain not far from the all-time speculative highs of the pandemic bull market. Partly this strength can be attributed to the excitement around the possibilities of artificial intelligence (AI). This has seen a disproportionate percentage of market returns being derived from a small number of very large companies, the so-called magnificent seven of Apple, Microsoft, Amazon, Google, NVIDIA, Tesla and Facebook. It is tempting for investors to be drawn into this debate but to do so is to focus one's attention in the same place as everyone else, when investment opportunities are more likely to appear in areas out of the spotlight.

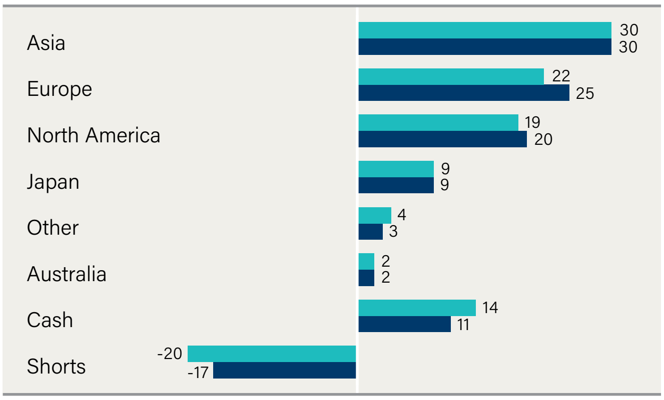
What the above discussion misses is that there are many companies that have already experienced significant business setbacks and endured bear markets in their stock prices. As a stock picker we ask: why debate the possibility of a global economic recession, when we can look at *companies* that have suffered their own recession and may now be attractively valued? One example are those businesses directly and immediately affected by higher interest rates.

Those higher rates provided us with interesting opportunities in European businesses we label "Asset Gatherers". **Allfunds** (an investment fund platform) and **St James's Place** (UK wealth management) were hit by a common problem – falling asset prices.

Each of these businesses earn revenue based on assets under management or administration and so were affected by falling bond and equity prices over 2022.

Both companies have strong positions in their respective markets and we expect Allfunds and St James's Place to continue to grow strongly once they're beyond this short-term earnings setback. Share price falls of 50% or more from the highs of 2021 gave the Fund an opportunity to add to our holdings at very attractive prices.

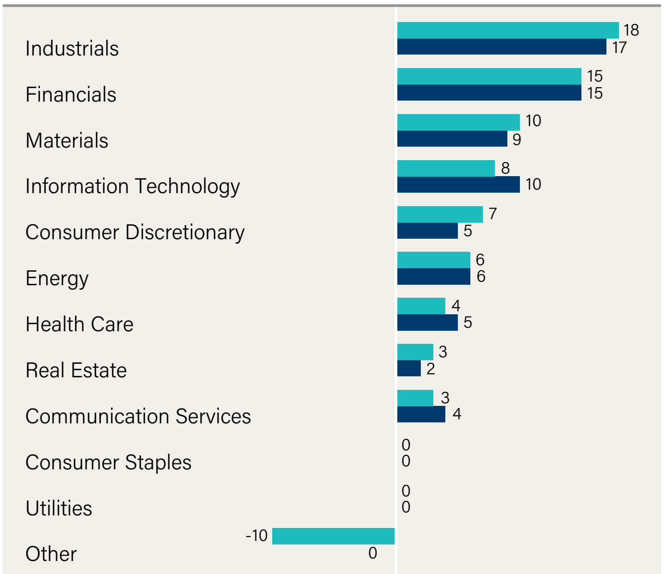
Disposition of Assets %



30 SEP 2023 30 JUN 2023

See note 3, page 36. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures %



30 SEP 2023 30 JUN 2023

See note 4, page 36. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
ZTO Express Cayman Inc	China	Industrials	3.5%
Microchip Technology Inc	US	Info Technology	3.2%
UPM-Kymmene OYJ	Finland	Materials	3.0%
Minebea Co Ltd	Japan	Industrials	2.9%
Ping An Insurance Group Co	China	Financials	2.8%
Samsung Electronics Co Ltd	South Korea	Info Technology	2.7%
UBS Group AG	Switzerland	Financials	2.7%
Allfunds Group Plc	UK	Financials	2.7%
Suzano SA	Brazil	Materials	2.5%
InterGlobe Aviation Ltd	India	Industrials	2.4%

As at 30 September 2023. See note 5, page 36.
Source: Platinum Investment Management Limited.

The Japanese market has been the strongest major global market in 2023, rising nearly 17% year to date.[1] A significant part of the Japan story is the corporate governance reform over the last decade that is resulting in Japanese companies placing greater focus on shareholder interests. (For more on this trend, see "How Japan Regained Its Mojo" in our June 2023 quarterly report.)

Over the past year, the Fund added to a position in **Toyo Seikan** group. Toyo Seikan has a strong position in aluminium and steel cans for food and beverages, along with a range of other packaging related businesses. The industry has consolidated in Japan and now - like most major markets - has two major players. However, unlike its global peers, returns on capital have been poor as the company held excess holdings of cash, securities and real estate. At the time of our original purchases, the entire market value of the company was accounted for by cash balances and investments. In May this year the company announced they would be focussing on profitability and streamlining investments in securities and real estate. Additionally, over the next five years ¥100 billion would be spent on stock buybacks (30% of the company at that point in time) and a further ¥80 billion would be distributed in dividends. While the stock has rallied over 70% since our initial purchases, it remains at 0.7x book value, with the potential for additional distributions of capital and, most importantly, much improved profitability.

1 MSCI Japan Net Index A$.

In China, distress in the property development sector and its impact on the economy has been front page news in the financial papers. The story that is not being told though is how many sectors of the economy are doing well. Auto sales are running at levels around the peak of five years ago[2]. Indeed, China has this year surpassed Japan as the global leader in auto exports, driven by a leadership position in electric vehicles.[3] Domestic travel is strong with air passenger numbers in July at levels 13% above pre-COVID levels and with airfares 15%-20% higher.[4]

By the second quarter, Chinese e-commerce deliveries were up 20% from a year ago.[5] In short, while the Chinese consumer may not be buying properties, they are certainly spending their money elsewhere. The fears around China mean many Chinese companies are trading at depressed levels.

Consider the Fund's holding in **ZTO Express**. The company is the leading express delivery service in China and in the past five years has increased deliveries from six billion parcels a year to an expected 30 billion in 2023. To put that number in context, in the US, FedEx and UPS combined deliver a mere 12 billion. ZTO continues to take market share and in our view could grow parcel deliveries by 24% this year. Additionally, severe price competition in the market is receding. In our view the company could grow its operating profit by 50% this year. Today the stock trades on 15 times our estimates of earnings for this year and we expect the company can grow earnings at around the 20% p.a. mark for some years thanks to industry growth and market share gains. By any standard this is an extraordinary valuation for such a high-quality growth stock. Again, for context consider the following. ZTO's market capitalisation is $US 20 billion. For Fedex and UPS combined it's over US $200 billion.[6]

AI and a note of caution

The recent rally in AI stocks has driven greater-risk taking by investors in many of the growth stocks that drove the speculative bubble of 2021. Some favoured software companies again trade at valuations of 15 to 20 times sales and some companies with dubious business models are again attracting multibillion-dollar valuations. This gave us the opportunity to put in place short positions against companies whose long-term valuations we believe will be pressured by higher interest rates.

Outlook

We continue to see significant divergences in stock prices and valuations across different sectors and geographies. These represent both threat and opportunity for investors.

The broad global stock market indices have been pushed higher this year by growth stocks that again have reached high valuations.

In this context the market looks vulnerable to a setback as it did in late 2021, especially when one considers that long term interest rates have hit new highs in recent weeks. Outside of these highly favoured names, there are many companies that have experienced significant setbacks in both their businesses and stock prices and thus represent good buying opportunities. We expect the Fund's strategy of avoiding – or shorting – expensive growth stocks and focussing on better-priced opportunities elsewhere will contribute to returns in the medium term.

2 Source: Trading Economics.

3 Sources: Nikkei Asia, MIT Technology Review.

4 www.mckinsey.com/industries/travel-logistics-and-infrastructure/our-insights/outlook-for-china-tourism-2023-light-at-the-end-of-the-tunnel

5 Source: China State Postal Bureau.

6 Source: FactSet Research Systems.

Platinum Global Fund (Long Only)

Clay Smolinski
Portfolio Manager

Overview

- The Fund's performance was down less than one percent over the quarter but up nearly 11% over the calendar year-to-date. Energy holdings such as oil field services companies Schlumberger and Valaris were strong performers as was uranium business Cameco. Our travel holdings - Wizz Air, Interglobe and Airbus suffered from a higher oil price.
- One of the major narratives around global stock markets concerns the Chinese property sector. While the problems are real, we are seeing Chinese authorities act with great pragmatism through a number of measures that could – over time – support the sector. This would be good news for both the Chinese and global economies.
- The major global stock markets are now not far off their 2021 highs, despite global interest rates rising considerably. The outlier is China, where the market is down 50%.
- The difference between stock prices and valuations has widened and we think this means there is now more risk in holding stocks the market 'loves'. As a result, the Fund is positioned very differently to the market.

Performance

compound p.a.+, to 30 September 2023

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Global Fund (Long Only)*	-1%	23%	11%	5%	10%
MSCI AC World Index^	0%	20%	11%	9%	8%

+ Excludes quarterly returns.
* C Class – standard fee option. Inception date: 28 January 2005.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI All Country World Net Index in AUD.
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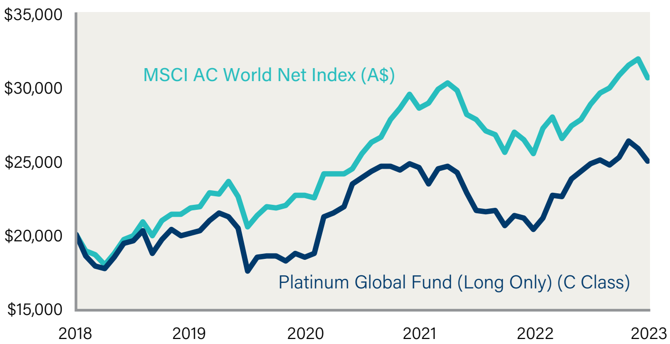
Value of $20,000 invested over five years

30 September 2018 to 30 September 2023



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 36.

The Fund's value was down less than one percent over the quarter. Over the calendar year-to-date the Fund has returned nearly 11%.

The strongest contributors were our energy holdings. Oil field services companies **Schlumberger** and **Valaris** were up nearly 20% over the quarter. Nuclear/uranium stocks such as **Cameco** also did well (up 29%). Both these energy sectors are emerging from deep recessions. Indeed, it is arguable that the nuclear industry in the West is only just emerging from a 40-year hibernation. Now however, both sectors are enjoying a resurgence of demand.

We also saw decent returns from our holdings in China e-commerce player **PDD** as that stock rose over 40% on market over the quarter. Pulp producers **UPM** (+19%) and **Suzano** (22%) also did well.

Offsetting these gains we saw a fall in a number of our travel holdings (**Wizz Air** -31%, **Interglobe** down 9% and **Airbus** -4%) due to the higher oil price and the recall of the Pratt and Whitney geared turbofan engine. This recall will ground a total of 1500 planes over the next three years.

We also saw a retracement in the share price of a number of our semiconductor holdings over the quarter – (Infineon -17%, Microchip -12%, TSMC -9%). Electric vehicle battery manufacturer **LG Chem** fell 25% due to concerns around slowing momentum in global electric vehicle sales.

After a strong run in markets, we trimmed a number of our holdings and fully exited our positions in Erste Bank, Intesa and Shell.

Commentary

During the quarter we built a substantial position in Swiss wealth management and banking player **UBS**. The investment is very much a special situation arising from the UBS acquisition of Credit Suisse.

A factor in any good investment is the price you pay and in the case of Credit Suisse, UBS was able to acquire nearly 54bn CHF (Swiss Franc) of net assets for less than 3.4bn CHF. Given UBS's book value was 52bn CHF prior to the deal, this is a very meaningful acquisition and, in our view, the sixteen-fold difference between price paid and assets received firmly tilts the odds of a positive outcome in UBS's favour.

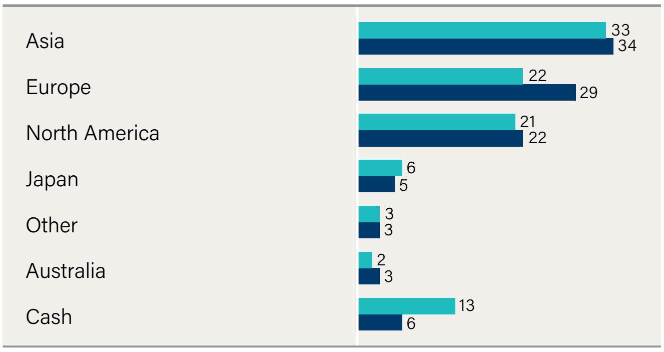
A tale of two Swiss banks

The two businesses are very similar in structure – they own the #1 and #2 retail banks in Switzerland, they are the #1 and #2 global wealth managers outside the US, they both have sizable asset management businesses and they are both global investment banking players.

UBS ran into trouble during the financial crisis of 2008/09 and substantially de-risked its investment bank, whereas Credit Suisse emerged from that period relatively unscathed and did not de-risk to nearly the extent that UBS did.

Following a series of poor business decisions – including significant losses from Greensill and Archegos – Credit Suisse was in the midst of executing a restructuring program to de-risk the investment bank. Credit Suisse faced the classic project management dilemma: you often have to choose to focus on only two of cost, quality and speed of delivery. After digesting the losses from its investment banking misadventures, Credit Suisse didn't have enough excess capital to execute the de-risking as fast as it needed.

Disposition of Assets %



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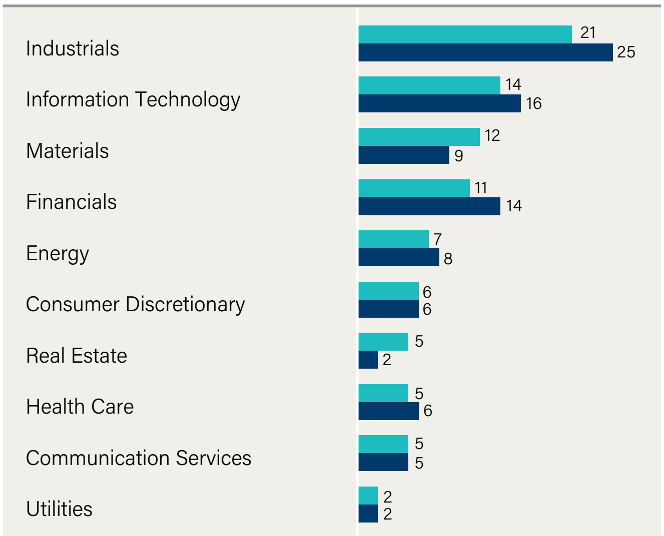
Source: Platinum Investment Management Limited.

Net Sector Exposures %



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Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Samsung Electronics Co Ltd	South Korea	Info Technology	4.4%
Microchip Technology Inc	US	Info Technology	4.1%
UPM-Kymmene OYJ	Finland	Materials	3.6%
ZTO Express Cayman Inc	China	Industrials	3.4%
Tencent Holdings Ltd	China	Comm Services	3.3%
Minebea Co Ltd	Japan	Industrials	3.3%
Suzano SA	Brazil	Materials	3.1%
Trip.com Group Ltd	China	Cons Discretionary	2.9%
AK Medical Holdings Ltd	China	Health Care	2.9%
InterGlobe Aviation Ltd	India	Industrials	2.8%

As at 30 September 2023. See note 5, page 36.
Source: Platinum Investment Management Limited.

Confidence in the bank was shaken and customers were already withdrawing funds from Credit Suisse when the shock bankruptcy of Silicon Valley Bank in the USA triggered a bank run that led to the Swiss Central Bank brokering a deal for UBS to acquire Credit Suisse for just cents on the dollar.

In normal times, the merger between the #1 and #2 retail banks would not have been approved on competition grounds. The upside for UBS investors is that the cost savings from merging two banks that are operating in the same business lines (and headquartered in the same city) may be very material.

About $16bn of Credit Suisse AT1 debt[1] was converted to equity as part of the acquisition deal, leaving the consolidated bank in a much stronger capital position. We expect this capital buffer will allow UBS to restructure the combined bank much quicker than Credit Suisse could have.

UBS has also taken a number of asset write-downs and provisions and some of these are likely to be reversed if things go smoothly from here, further bolstering earnings.

Looking ahead, we expect the Fund will be holding a bank with significantly higher earning power and enough excess capital to buy back a material number of shares.

Chinese property

During the quarter there was a significant policy change around residential property in China.

For the past decade the Chinese authorities have imposed a series of regulatory measures designed to control property speculation. In the major cities, a 70% down payment was required if you wanted to buy a second home. Buying a third home was largely outlawed and from 2017 the government started experimenting with price caps on new homes. The constant narrative run by the government was one of support for owner occupiers ("housing is for living!"). Property investors were much less welcome.

On the 31st of August there was a complete U-turn on these measures. The down payment on a second home was cut to 30% (the down payment for first home buyers was reduced to 20%). The mortgage rate for second homes was cut by 40bps, and the individual provinces were given freedom to set property policy how they wish.[2] Suddenly the narrative had changed and being a property investor was okay. This is a very substantial change and such a large reduction in the down payment opens the door to a large amount of new mortgage financing entering the sector.

1 Additional tier-one bonds.

2 For example, Guangzhou in September removed all home purchase restrictions on districts that account for roughly 40% of all property transactions in the province.

This dramatic change is similar to the abrupt reversal of China's zero-COVID policy. Yet again, when the pressure grew, the government parked its ideals and reverted to pragmatism so as to support the economy. The government has been fairly explicit that it would like to support domestic consumption and given the precedents we discuss above it is likely more will be done to achieve this.

Outlook

The major global stock markets are now not far off their 2021 highs, despite global interest rates rising considerably and US real (after-inflation) rates reaching levels not seen for 20 years. The outlier is China, where the market is down 50%.

Economic growth has come in significantly better than expected in the US and EU, pushing up long-term risk-free rates. Theoretically a period of stronger growth combined with high long rates would see cyclicals/value perform better than higher priced long-duration tech stocks, but that has not happened. A great illustration of this is the year to date performance of the tech-heavy Nasdaq which is up 33%. The more cyclically exposed, equal-weighted S&P index and the broad Russell 2000 are flat.

The end result is that the difference between stock prices and valuations has widened. In our view there is now more risk in holding the 'loved' stocks in the market. As a result, the Fund is positioned very differently to the market.

Platinum Asia Fund

Andrew Clifford
Portfolio Manager

Cameron Robertson
Portfolio Manager

Kirit Hira
Portfolio Manager

Overview

- During the quarter the Fund declined 2%. Our holding in Indian property developer Macrotech rose off the back of general interest in Indian stocks. Chinese e-commerce company PDD also did well as did our holding in Indonesian sportswear retailer, Map Aktif.
- The Indonesian economy is large and growing and as Indonesian consumers get wealthier they are seeking out a wider range of experiences. We are investing in this theme through companies like Pakuwon Jati, a high-quality retail mall operator which is growing its footprint across the country and typically develops apartments, hotels and office space alongside its malls. A post-COVID dip means we were able to invest in this company at an attractive valuation. We also took a position in cinema chain operator Nusantara Sejahtera Raya (also called Cinema XXI). Cinema XXI is an industry leader in a segment set for growth.
- On a medium-term view we are finding many stocks across Asia that are attractively priced and believe the outlook for Asia-focused investors is an attractive one.

Performance

compound p.a.+, to 30 September 2023

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Asia Fund*	-2%	10%	-1%	5%	12%
MSCI AC Asia ex Jp Index^	0%	10%	0%	3%	9%

+ Excludes quarterly returns.
* C Class – standard fee option. Inception date: 4 March 2003.
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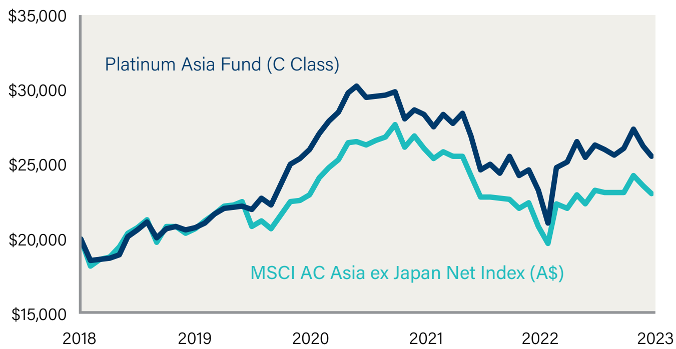
Value of $20,000 invested over five years

30 September 2018 to 30 September 2023



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 36.

During the quarter the Fund declined 2%.

Within the portfolio, the share price of our Indian property developer **Macrotech** rose off the back of broader enthusiasm about Indian stocks. Chinese e-commerce company **PDD** also saw its share price increase, as investors bid it up after its most recent results showed strong profit growth. The Indonesian sportswear retailer, **Map Aktif** also provided positive contributions to performance during the quarter.

Offsetting these gains however, we incurred losses on Korean battery company **LG Chem**, with rising concerns about the supply-demand balance in the battery and electric vehicle industries. Chinese e-commerce company **JD.com** also saw its share price decline, as did some small cap Chinese holdings including grocery delivery company **Dingdong** and call centre software provider **TI Cloud**.

Commentary

We have been slowly and steadily increasing our exposure to the Indonesian consumer over the past year or so and added two new holdings this quarter. Indonesia is the 4th most populous country in the world, GDP per capita has more than doubled over the past 15 years, infrastructure has been improving, and the countries' natural resources have been leveraged to develop domestic downstream industries. These factors, coupled with recent changes to labour laws, are likely to boost employment.

Despite this positive backdrop, COVID did take a toll on the economy, with private consumption falling from 57% to 52% of GDP and so consumer spending has been weaker than you might expect. This temporary headwind, coupled with the inevitable uncertainties that comes with an upcoming election, has created an opportunity to find attractive investments exposed to this consumer theme.

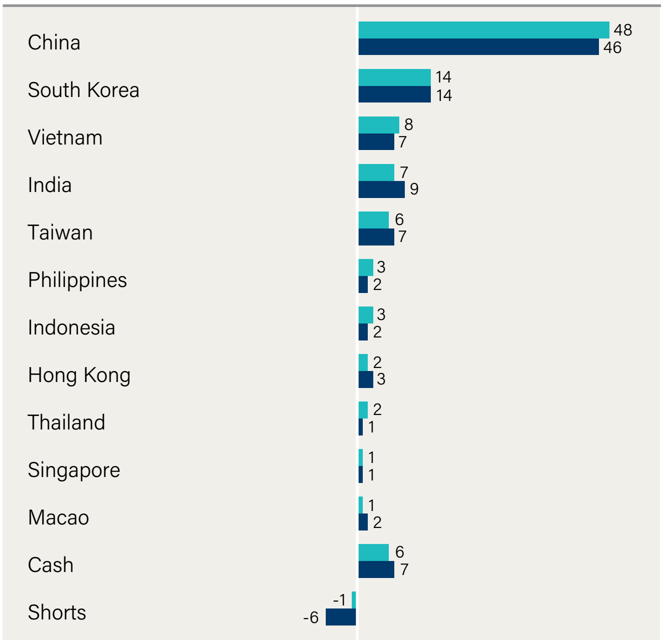
One of our new holdings, **Pakuwon Jati**, is a high-quality retail mall operator with their core assets located in Jakarta and Surabaya. They are also expanding their footprint across the country, with recent acquisitions establishing them in Central Java and Bali, while a new development project is giving them a toehold in Batam – a popular destination for Singaporean tourists. Along with their malls, Pakuwon Jati typically develops adjacent apartments, hotels and office space. While their mall and hotel operations are healthy and profitable, having rebounded from the COVID-induced dip of the past couple of years, residential apartment sales across the country have been weak and office space is seeing headwinds from the rise of hybrid work.

This means we've been able to secure a position in this attractive asset at a remarkably reasonable valuation of 11x what is a stable and growing high-quality earnings stream largely underpinned by their mall rental portfolio. As the Indonesian consumer gets wealthier, the rents these malls can charge should correspondingly increase. There will likely be opportunities to optimise and improve upon these assets in a capital-efficient manner.

The earnings from Pakuwon Jati's previously attractive apartment operations remain depressed yet in our view, could bounce back over coming years, providing a healthy tailwind to returns. The company has a large land bank and no debt.[1] Instead it is opportunistically accumulating cash in hopes of deploying it on attractively priced assets expected to come to market shortly. It's also worth noting that the family which controls the business has a long history of treating minority investors well and its corporate governance is considered to be among the best in Indonesia.

1 Source: Pakuwon Jati Results Presentation 1H2023.

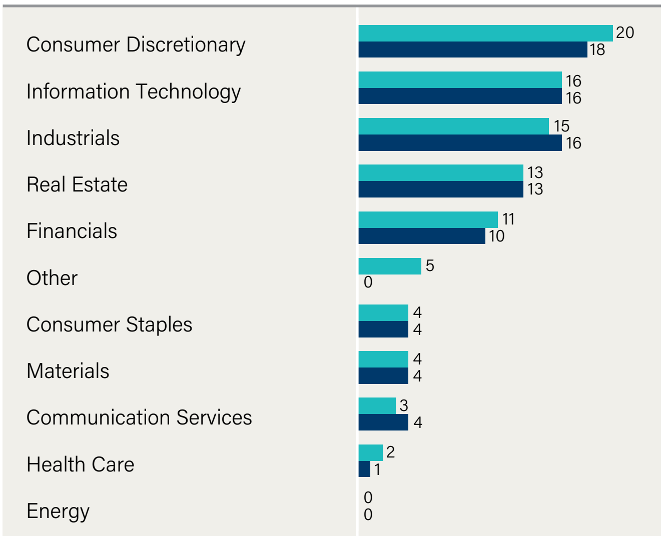
Disposition of Assets %



30 SEP 2023 30 JUN 2023

See note 3, page 36. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures %



30 SEP 2023 30 JUN 2023

See note 4, page 36. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Taiwan Semiconductor	Taiwan	Info Technology	5.3%
Samsung Electronics Co Ltd	South Korea	Info Technology	5.2%
Vietnam Enterprise Inv	Vietnam	Other	5.1%
ZTO Express Cayman Inc	China	Industrials	4.8%
SK Hynix Inc	South Korea	Info Technology	4.3%
Ping An Insurance Group Co	China	Financials	4.3%
InterGlobe Aviation Ltd	India	Industrials	4.3%
China Resources Land Ltd	China	Real Estate	3.4%
Tencent Holdings Ltd	China	Comm Services	3.2%
Midea Group Co Ltd	China	Cons Discretionary	3.0%

As at 30 September 2023. See note 5, page 36.
Source: Platinum Investment Management Limited.

The other company recently added to the portfolio that ties into this consumer theme is the domestic cinema chain operator **Nusantara Sejahtera Raya** (more commonly known as Cinema XXI). This company is an anchor tenant in Pakuwon Jati's malls.

Given the still nascent state of economic development across Indonesia, cinema attendance and ticket prices remain well below levels seen across more developed economies. The business has grown at a steady clip for many years as Indonesian consumers have grown wealthier.

The cinema industry in Indonesia has some interesting quirks relative to other markets. Viewing windows are short and attendance is consequently high, leading to good asset utilisation. This, coupled with low ticket prices, supports the potential for supplemental income from food and drink sales.

One of the biggest impediments to the roll-out of cinema chains across the country is the availability of high-quality retail space. In short, the country needs more malls and as those malls get built, cinema chains will be rolled out, giving more of the population greater access to this form of entertainment. Cinema XXI is the clear industry leader, known for their high-quality cinema experience.

We participated in the IPO of this business and believe the business is emblematic of the opportunity set presented to investors by the Indonesian consumer and are excited to see how it plays out over the coming years.

Elsewhere across the portfolio, we added to our holding in Chinese e-commerce company JD.com. Having been a beneficiary of strong electronics sales during COVID, they are now facing the subsequent come-down and short-term sales momentum has stalled. We believe that the market is being short-sighted in selling the company off on this issue.

Rather we are drawn to the fact that this is a business with a long history of market share gains and of growth in a fiercely competitive operating environment. They have achieved that remarkable result through a commitment to superior customer experience seen in every element of their business, from product selection, to customer service, right through to hiring the delivery staff that drop off the goods. We believe this differentiation stands them in good stead. Given where the shares are trading currently, once you account for cash and investments, investors need only pay a single-digit multiple of earnings to acquire a stake. This strikes us as particularly attractive.

In India we reduced our position in property developer Macrotech. This has been a very successful investment since our initial purchase a couple of years ago. The business has performed well and we continue to like the management team, but we feel the shares are increasingly fully valued, hence have reduced our position.

We have been talking about the relatively full valuations ascribed to Indian stocks for a while. We even initiated a short position on the market when a high-profile corporate governance scandal made headlines around the world. We felt that episode would remind people of the risks inherent in this market. As it turns out, investors brushed those scandals aside and continue to pay up for Indian assets. As such, we have largely closed our short position.

Outlook

China remains a meaningful exposure for us and it is a much-debated market. Sections of that economy have clearly been going through a tough adjustment phase. Counterbalancing that, there has been remarkable strength in certain segments including autos, where booming sales are turning China into a global car manufacturing powerhouse.

Meanwhile, the challenging property market grinds away in the background and there has been be a steady series of tweaks to policies and incentives aimed at stabilising and improving the situation in that industry. For example, there were recent changes to down payments and leverage requirements for first and second homes, as well as interest rate policy adjustments. At some point, these combined initiatives will have their desired effect. It’s also important to remember we invest in specific Chinese assets – not the Chinese economy. With our portfolio positioned as it is, we feel confident investors will be rewarded for their patience.

While it has been a dry spell for Asian investors lately, it is hard to ignore the value on offer. Even looking beyond the two big markets of India and China, we believe assets are generally priced such that little needs to go right for investors to make quite healthy returns over the medium-term. We’ve continued to find plenty of opportunities. This quarter we discussed some of our new holdings in Indonesia. South Korea is another market with attractively priced assets and a compelling record of improving investor protections. Similar stories abound across the region.

In our view the outlook for Asia-focused investors is an attractive one.

Platinum European Fund

Adrian Cotiga
Portfolio Manager

Nik Dvornak
Portfolio Manager

Overview

- The Fund returned -2.5% for the quarter with banks and energy stocks doing well. Semiconductor-related holdings ASML and Infineon fell during the quarter on concerns over semiconductor demand. Despite these falls we remain confident about their quality, their competitive position and their long-term outlook.
- The ECB tightened rates dramatically over the past 18 months and these moves are starting to bite in the real economy. We are avoiding segments where this tightening is yet to hit. A key focus is asset managers like Allfunds, St James's Place and UBS, which have suffered from the higher cost of money. Interest rates will not rise forever and their clients continue to add to the asset pools managed by these businesses.
- We are also investing in businesses helping Europe move away from its dependence on Russian-supplied oil and gas. This trend is likely to strengthen over time whatever the broader economic outlook.

Performance

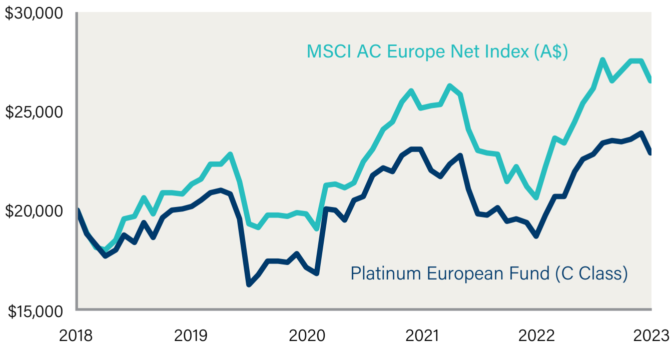
compound p.a.+, to 30 September 2023

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum European Fund*	-3%	22%	10%	3%	10%
MSCI AC Europe Index^	-2%	29%	10%	6%	4%

+ Excludes quarterly returns.
* C Class – standard fee option. Inception date: 30 June 1998.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI All Country Europe Net Index in AUD.
Source: Platinum Investment Management Limited, FactSet Research Systems.
Historical performance is not a reliable indicator of future performance.
See note 1, page 36. Numerical figures have been subject to rounding.

Value of $20,000 invested over five years

30 September 2018 to 30 September 2023



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 36.

The Fund (C Class) returned -2.5% for the quarter.

Banks and Energy were among our best performing investments this quarter.

Rising interest rates allowed banks to expand net interest margins by revising the interest rate they charge on loans ahead of the interest rate they pay on deposits. This margin expansion more than made up for the drag from rising labour costs and weakening loan demand. European banking regulators have also become more amenable to share buybacks, which helped our holdings' performance. These encouraging developments notwithstanding, we decided to trim our holdings in **Banca Transilvania** and **Komercni Banca** and exit our position in **Raiffeisen Bank**. In our view, much of the current tightening cycle is behind us and margin pressure will return if economic activity continues to weaken.

Europe is currently working to re-engineer its energy supply chain. Where it has historically relied heavily on piped Russian oil and gas, the region is now investing heavily in infrastructure to allow them to import seaborne cargoes from a wide range of suppliers. This will improve energy security medium-term but leaves the region vulnerable to near-term supply disruptions. The recent threat of strikes at Australian LNG facilities reminded the market of this vulnerability and kickstarted a rally in European gas prices. Russia also moved to curb exports of refined products which pushed refining margins higher. Early in the quarter we added to our holding of **Torm**, a shipping company that owns refined product tankers.

Our non-bank financials struggled during the quarter. **St James's Place**, a financial advisory network in the United Kingdom (UK) fell -22% and was one of our biggest detractors this quarter. The company also caught investors by surprise when it announced a fee cut in response to a new set of rules for financial firms, known as the Consumer Duty, which was introduced in the UK this quarter.[1] We used the sell-off to add to our position.

German mortgage origination platform, **Hypoport**, was another of our poor performing non-bank financials. Higher interest rates have crimped demand for new mortgages in Germany and the deteriorating outlook caused the stock to fall 23%.

The other notable pocket of weakness in the portfolio was semiconductor stocks. Lithography equipment manufacturer, **ASML**, fell nearly 16% while power semiconductor manufacturer, Infineon fell 17%. These falls reflect concerns over semiconductor demand generally. In our view, the strong competitive position and favourable long-term outlook for these businesses is undiminished.

Commentary

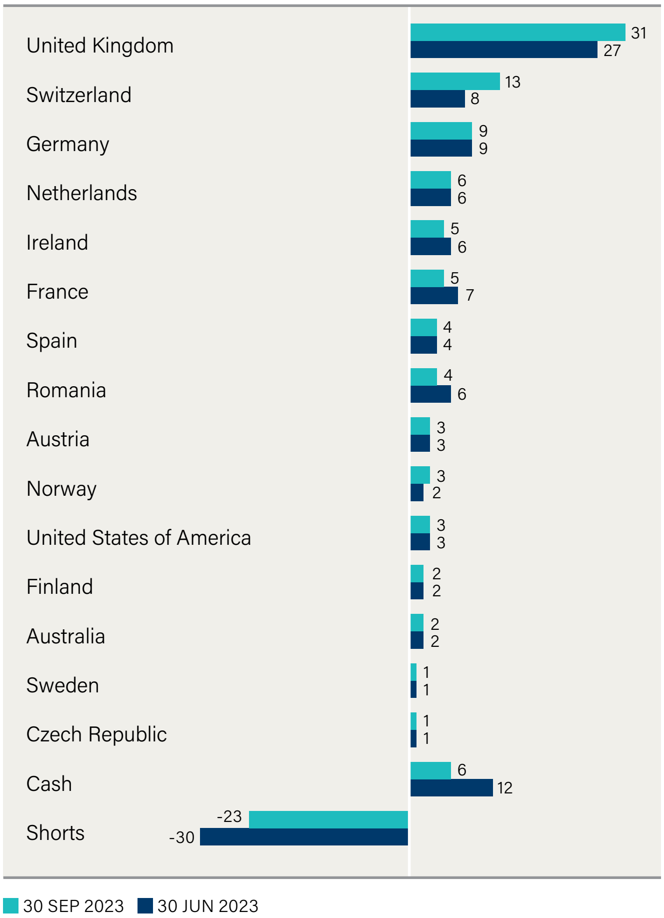
In Europe, investor concerns centre on:

- the current aggressive monetary tightening cycle
- a deteriorating economic outlook
- a weaker than anticipated recovery in China
- energy supply vulnerability.

The European Central Bank has hiked the policy rate by 4.5 percentage points over the past 18 months. Monetary policy tends to affect the real economy with a significant lag and we are now at the point where the brakes are starting to grip. Leading economic indicators rolled over around the middle of this year and are now in contractionary territory. Moreover, while central banks are signalling a desire to pause and assess the impact of their actions to date, there seems little appetite to cut rates. This reluctance to cut is reinforced by a rebound in energy prices, which risk spilling over into core inflation.

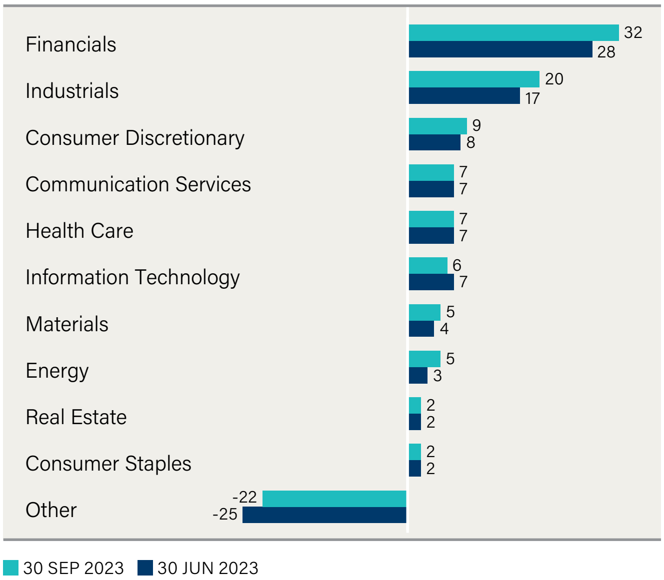
1 See St James's Place 2023 Half Year Results Presentation.

Disposition of Assets %



See note 3, page 36. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures %



See note 4, page 36. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Informa PLC	UK	Comm Services	4.9%
Beazley PLC	UK	Financials	4.9%
Applus Services SA	Spain	Industrials	4.5%
Airbus SE	France	Industrials	4.2%
Banca Transilvania SA	Romania	Financials	4.2%
ASML Holding NV	Netherlands	Info Technology	3.8%
Ryanair Holdings PLC	Ireland	Industrials	3.7%
Barclays PLC	UK	Financials	3.6%
Allfunds Group Plc	UK	Financials	3.5%
UBS Group AG	Switzerland	Financials	3.4%

As at 30 September 2023. See note 5, page 36.
Source: Platinum Investment Management Limited.

Given the likely tightening of business conditions, we are avoiding segments of the market where conditions *appear* favourable and where monetary tightening has yet to have meaningful impact. Instead we are focussing our research efforts on those industries where demand tends to respond quickly to monetary tightening, where a downturn is already well underway and where stock prices reflect this.

One such segment is what we call 'Asset Gatherers'. These are business that earn fees based on the value of assets that they advise on, manage or administer. They include companies such as Allfunds, St James's Place and UBS. All three are now large holdings in the Fund.

Whereas monetary policy affects the economy with a significant lag, it affects asset prices almost immediately. Bond markets had a horrific 2022 and there has been no relief in 2023. Equities also had a nasty 2022 before rebounding this year. These asset price falls reduced the value of client portfolios and hence the fees earned by our Asset Gatherers.

Another source of pressure for Asset Gatherers arises from a rebalancing of client portfolios. Over the last decade, low interest rates pushed investors out of cash and into riskier assets. With decent yields available on cash, investors are increasing their cash holdings to more normal levels.

While unhelpful for Asset Gatherers in the short-term, these developments are cyclical. Interest rates will not rise indefinitely and clients' cash holdings will stabilise at some point. In the meantime, clients continue to save every month and contribute those savings to the pool of funds overseen by the Asset Gatherers.

St James's Place recently reported their results for the first half of 2023. Their funds under management stood at GBP 157 billion. This is a record high. Over this latest six-month period funds under management increased 6% or GBP 9 billion, of which GBP 3.4 billion was net new money contributed by clients.[2] Underlying cash profit for the period was 4% higher than the previous year. While growth has slowed, they are weathering the downturn well.

UBS is a new addition to our Asset Gatherers. It's the largest wealth management business in the world with a respected brand in an industry where trust is paramount. Furthermore, it was recently able to acquire its largest competitor, Credit Suisse, for a pittance. Ordinarily such a deal would not pass muster with regulators on competition grounds but this one was done at their urging. Investors are naturally apprehensive. Credit Suisse has a troubled history with risk (mis)management and we share these concerns. However, the improvement in UBS's competitive position and the extremely attractive price at which the deal was done leave a massive margin for error. We believe UBS will be a much more valuable company in the years to come.

Outlook

We are 18 months into an aggressive monetary tightening cycle which is only now starting to make itself felt. Energy prices are rising again. The anticipated recovery in China, an important source of external demand, has fallen short of expectations. While unemployment remains low and inflation is falling, the European economy is weakening. Leading indicators like the Purchasing Managers' Index (PMI) are in contractionary territory, consumer and business confidence measures have rolled over in recent months and bank lending is slowing.

Moreover, we are keeping a weather eye on political risks brewing below the surface. Long-established political equilibria are breaking down and parties that have never governed before are garnering considerable popular support. We note that Alternative for Deutschland is now polling second in Germany, well ahead of the Social Democrats. These new-to-government parties are in many respects unknown quantities and may behave in unpredictable ways. Experience suggests financial markets will not tolerate this well.

None of this is a cause for concern in and of itself. What is concerning is that this uncertain economic and political backdrop is not at all congruent with European equity markets trading just shy of their all-time highs.

The danger of this situation is well-illustrated by the sharp sell-offs we've seen in the shares of once-loved 'quality' companies that have fallen short of high expectations. One example is the leading global wind energy generator, Orsted, which fell 40% this quarter. Another is the digital payments darling, Adyen, which fell over 55%.

Our response to this situation is to avoid 'quality' businesses that are potentially overvalued. We also tend to be more cautious towards cyclical businesses where there is little evidence of a slowdown yet – such as banks and travel-related businesses. We have been trimming these stocks.

On the other hand, we are looking to build positions in companies that were among the first to feel the squeeze from monetary tightening, where expectations have already been reset and where share prices are more attractive. This has led us to build our positions in Asset Gatherers, as discussed. We are also investing in energy-related businesses that will play an important role in transitioning Europe away from Russian-supplied oil and gas. This is a trend we believe will continue to play out, regardless of the economic outlook.

Overall, the portfolio remains cautiously positioned. At quarter end the Fund had around 6% of its capital set aside in cash and a 23% short position.

2 See St James's Place 2023 Half Year Results Presentation.

Platinum Japan Fund

James Halse
Portfolio Manager

Overview

- The Fund returned -1.6% for the quarter in AUD terms as positive local currency performance was offset by a declining Yen. Two of our largest positions were strong performers. Packaging manufacturer Toyo Seikan (+17%) rose after an earnings report showed it successfully passing through input cost increases that helped drive a large sequential increase in quarterly earnings. Copper mine and limestone quarry operator Nittetsu Mining rose on corporate governance moves that look likely to pass on better returns to shareholders.
- One of the key themes underpinning the Fund's strategy is improving corporate governance in Japan. Around half of the Fund is invested in firms with overcapitalised balance sheets and governance that is either improving or likely to improve. Toyo Seikan and Nittetsu both fit into this category.
- The case for investing in Japanese equities remains strong. Despite a run-up this year as global investors returned to the market, they remain cheap on key measures relative to other major markets.

Performance

compound p.a.+, to 30 September 2023

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Japan Fund*	-2%	13%	7%	4%	13%
MSCI Japan Index^	1%	25%	6%	4%	3%

+ Excludes quarterly performance.
* C Class – standard fee option. Inception date: 30 June 1998.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI Japan Net Index in AUD.
Source: Platinum Investment Management Limited, FactSet Research Systems.
Historical performance is not a reliable indicator of future performance.
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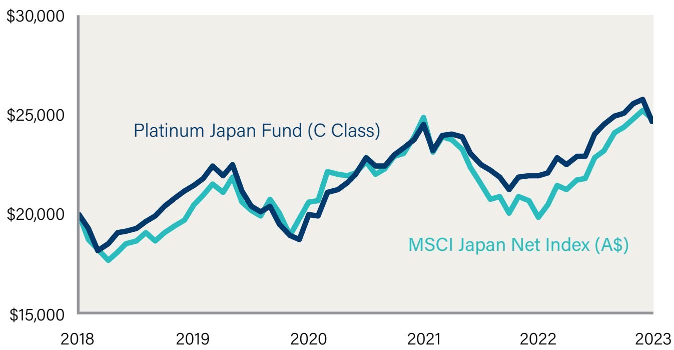
Value of $20,000 invested over five years

30 September 2018 to 30 September 2023



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 36.

The Fund returned -1.6% for the quarter in AUD terms as positive local currency performance was offset by a declining Yen.

The massive inflows to the Japanese market from foreign buying in the prior quarter partially reversed this quarter, with the selling accelerating in the final two weeks of the quarter. The market's solid upward progress through most of the quarter turned about-face in line with the foreign selling, erasing the vast majority of the quarter's gains.

The move up in the market was underpinned by strength in the banking sector. The Bank of Japan's (BoJ) decision to allow the ten-year bond yield to rise while keeping the short-term policy rate negative implies improving net interest margins for banks, thus leading to an increase in the market's profit expectations. The weakening yen could push the BoJ to relax yield-curve-control further, which is also likely contributing to optimism around the banks.

The Japanese automobile sector received a boost from the lower yen as it lifts the value of offshore earnings and improves the competitiveness of their Japanese labour force.

A lack of exposure to these two key areas of market strength – banks and autos – hurt the Fund's relative performance in the quarter.

We did, however, see strong contributions from two of our largest positions, packaging manufacturer **Toyo Seikan** (+17%) and copper mine and limestone quarry operator **Nittetsu Mining** (+13%). Toyo Seikan rose as the market continued to digest the major improvements to capital allocation outlined in its new mid-term plan.[1] It then resumed its upward trajectory as its earnings report demonstrated progress in passing through input cost increases that helped drive a large sequential increase in quarterly earnings. Nittetsu rose in response to signs of increasing shareholder friendliness, as the company promised investors a minimum dividend yield of 3% so long as its stock trades for less than a 1x price-to-book ratio.[2]

Our holding in **Hennge** also performed well, with the stock rising 22% over the quarter. Hennge is a developer of cloud-based security software that is demonstrating continued progress with increasing average revenue per user as it migrates legacy customers on to its new, higher-priced packages.

Major detractors included baby products maker **Pigeon Corporation**, which fell nearly 15% as reports indicated the recovery in Chinese births from pandemic lows may take longer than expected. Video game studio, **DeNA** fell over 19% on weaker results from key titles. Our short positions registered a negative 1% contribution to performance.

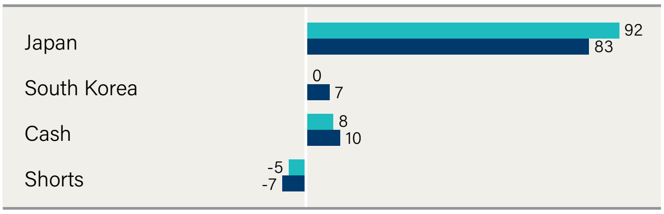
During the quarter we added to our positions in confectionary-maker **Ezaki Glico** (which recorded an (8% rise over the quarter) and road safety equipment manufacturer **Sekisui Jushi** (up nearly 5% over the same period). While the broader market was sceptical, we bought Glico on the expectation that margins would improve toward historical levels following the company's efforts to pass through input cost increases to customers. The company was also very cheap, trading at 1x price/book, with around half of its market capitalisation held in cash, securities, and non-core real estate. Higher pricing is now being passed on and the stock is responding. Jushi executed a large share buyback during the quarter, repurchasing the roughly 20% stake owned by its parent Sekisui Chemical. Jushi held around half of its market capitalisation in cash and was trading for less than book value.

We exited our positions in our Korean stocks – memory chip maker SK Hynix and small excavator manufacturer Doosan Bobcat – as we saw them move closer to fair value.

1 See Toyo Seikan Group's Long-Term Management Vision 2050 "The Future Wrapped for All".

2 See Nittetsu Mining Mid-Term Management Plan.

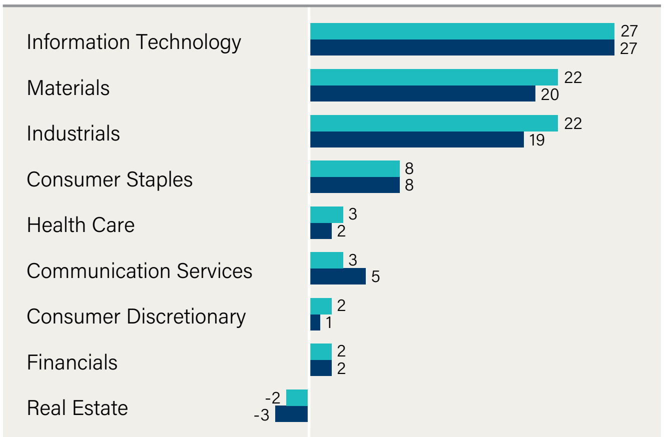
Disposition of Assets %



30 SEP 2023 30 JUN 2023

See note 3, page 36. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures %



30 SEP 2023 30 JUN 2023

See note 4, page 36. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Toyo Seikan Group	Japan	Materials	7.3%
Ezaki Glico Co Ltd	Japan	Consumer Staples	5.3%
Nittetsu Mining Co Ltd	Japan	Materials	4.9%
Hirano Tecseed Co Ltd	Japan	Industrials	4.2%
Oyo Corp	Japan	Industrials	4.0%
Digital Garage Inc	Japan	Info Technology	4.0%
DTS Corp	Japan	Info Technology	3.9%
Fuji Soft Inc	Japan	Info Technology	3.3%
Taisei Corp	Japan	Industrials	3.0%
Sun Corp	Japan	Info Technology	2.9%

As at 30 September 2023. See note 5, page 36.
Source: Platinum Investment Management Limited.

Commentary

The key issues for Japanese markets are:

- expectations around the path of interest rates in both Japan and the US
- the global economic cycle – particularly as it affects the semiconductor industry
- the progress of ongoing reforms to Japanese corporate governance.

The first issue – interest rates – creates the most uncertainty in the environment, but has the least relevance to the long-term performance of the companies we invest in.

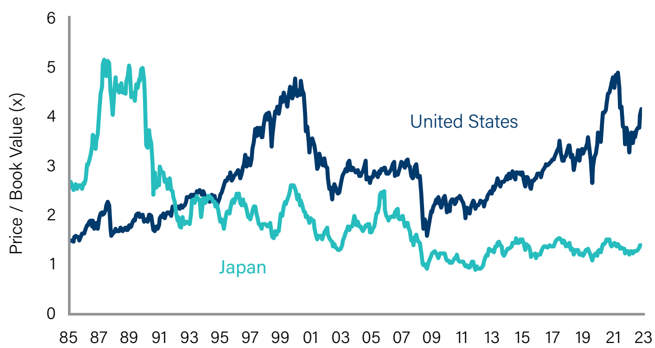
The second – the economic cycle – is important in relation to position sizing and our ability to find optimal entry points into businesses that, in our view, have fantastic long-term potential. We hold several companies that participate in the semiconductor supply chain, but have reduced our exposure to this sector as stocks have run ahead of a turn in the cycle due to buoyant sentiment around generative artificial intelligence.

The final issue is Japanese corporate governance. This is where we have the most confidence of progress independent of the vagaries of the global macro-economy. We are positioned to benefit from this theme, with around half of the Fund exposed to companies with overcapitalised balance sheets and governance that is either improving or likely to improve in the near term. Toyo Seikan, Nittetsu Mining, Ezaki Glico and Sekisui Jushi all fit into this category.

Outlook

The fundamental story for Japanese equities remains strong. While stocks have re-rated this year as global investors returned to the market, they remain very cheap on some key measures relative to other developed markets.[3]

Price to Book Valuation: Japan vs USA



3 Factset Research Systems, Platinum Asset Management.

More than half of listed equities in Japan trade for less than the value of their book equity, compared with a small fraction in the US.[4] Ongoing governance reforms are spreading more widely, and amassing greater momentum in areas where they have already seen headway.

Most recently, press reports suggested that we may be about to witness a watershed moment for the development of the market for corporate control in Japan.[5] It is suggested that the family office that is a large minority shareholder of Toyo Construction may make a bid for the whole company. This follows the family office acting to remove the previous Board of Directors (with the support of other shareholders) and appoint its own slate of independent directors after the previous Board refused to consider the family office's indicative offer to acquire Toyo. This news came hard on the heels of Nidec's agreed deal to acquire Takisawa following Nidec threatening a hostile tender offer.

Japan has long been a market where underperforming management could hoard shareholders' assets, comfortable in the knowledge that they would not be the subject of a hostile takeover. These two recent precedents now very much challenge that assumption, putting more pressure on managements to reform in line with the government's aims. Additionally, investors may begin to recognise the increased probability of such M&A activity, and push up the price of potential targets in anticipation. This may create an embedded premium for potential takeover targets, as exists in Western markets.

While concerns around the health of the global economy, geopolitical tensions and the path of interest rates and currencies may continue to dominate the headlines and day-to-day swings in stock prices, we view the deep, idiosyncratic and fundamental changes discussed above as the key drivers of returns for investors in Japanese stocks over the medium term.

Notes:

- From 3/10/2023, Leon Rapp became Co-Portfolio Manager of the Platinum Japan Fund.
- From 3/10/2023, the Fund will no longer invest in Korean securities.

4 JPX, Bloomberg.

5 Nintendo founder's YFO set to raise Toyo bid – Reuters.

Platinum International Brands Fund

James Halse
Portfolio Manager

Overview

- The Fund returned -4.7 % over the quarter due to weakness in some discretionary retail stocks and core Chinese holdings. Positive contributors included retailer Mobile World which benefited from a more positive view on the Vietnamese economy. Jeweller Pandora rose 20% after beating market expectations. Japanese confectionary maker Ezaki Glico also did well.
- We are avoiding or selling short businesses that saw sales and margins rise during the pandemic and who are yet to suffer a reversion to more 'normal' levels.
- Conversely, many stocks we own are now trading at more attractive valuations and we continue to see opportunities to buy excellent businesses at reasonable prices. Chinese stocks represent such an opportunity – spending has been restrained and could recover, whereas Western consumers are now showing signs of retreating.

Performance

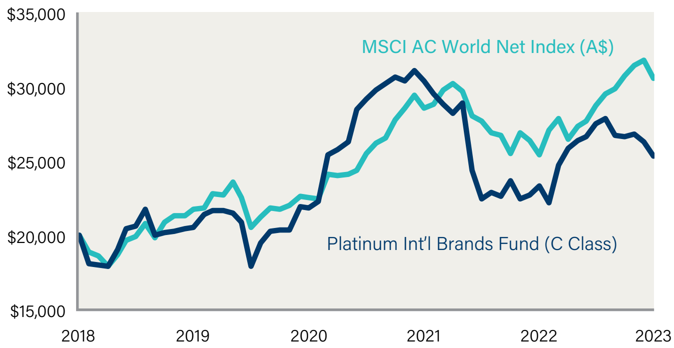
compound p.a.+, to 30 September 2023

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Brands Fund*	-5%	9%	5%	5%	11%
MSCI AC World Index^	0%	20%	11%	9%	4%

+ Excludes quarterly returns.
* C Class – standard fee option. Inception date: 18 May 2000.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI All Country World Net Index in AUD.
Source: Platinum Investment Management Limited, FactSet Research Systems.
Historical performance is not a reliable indicator of future performance.
See note 1, page 36. Numerical figures have been subject to rounding.

Value of $20,000 invested over five years

30 September 2018 to 30 September 2023



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 36.

The Fund returned -4.7 % over the quarter. Returns were pressured by weakness in key discretionary retail holdings, as well as continuing softness in our core Chinese positions.

Our Fund results reflect a combination of pressures. Higher interest rates and weaker consumer spending have impacted the outlooks for many of our developed market holdings. The strength in our Vietnamese holdings – which bounced following a severe sell-off – was offset by weakness in our Chinese stocks as ongoing property market issues in that economy curtailed consumer spending. The strength of the US dollar and our relatively low exposure to that market was another headwind for performance relative to the broader market.

Our top contributors for the quarter included leading Vietnamese retailer **Mobile World**, whose share price rose around 20% over the quarter on improving sentiment toward the Vietnamese economy and results that showed business resilience and solid inventory control.

Jeweller **Pandora** rose 20% in response to results that beat market expectations as the turnaround under new management continues. We also saw a strong contribution (up nearly 9%) from Japanese confectionary maker **Ezaki Glico** which appears to have successfully passed on input cost increases into product pricing in key categories.

Key detractors from performance included apparel retailers **SMCP** (-52%) and **Aritzia** (-36%). SMCP fell early in the quarter as it reported disappointing first half results, then declined further in September as it released a profit warning primarily citing weakness in Chinese demand. Aritzia too called out weakening demand, but this was compounded by poor inventory control as the group builds out a large new internal warehouse system. Results released toward the end of the quarter showed an improving trend and the stock responded by bouncing 6% on the day of the release.

During the quarter we exited our positions in Japanese brewer Asahi Group and Tokyo Disney shareholder Keisei Electric Railway. We sold Asahi on fears around the consumption environment in its key European markets. This move proved timely as the shares sold off immediately following its early-August results on commentary around weaker than expected volumes.

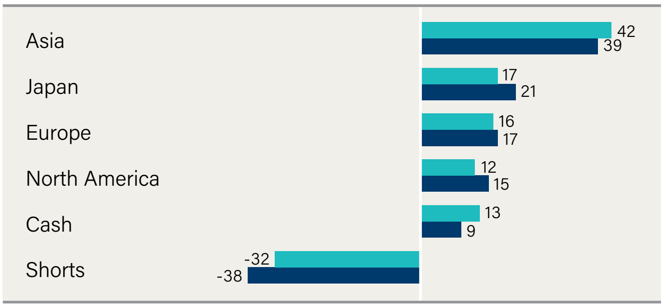
We sold Keisei for a profit as its key holding in Tokyo Disney-owner Oriental Land (worth more than 2x Keisei's market capitalisation) had appreciated well beyond where we see fair value, and our discussions with the company revealed a very low likelihood of monetisation of the stake.

We did not purchase any new holdings in the quarter. However, we added to our position in Ezaki Glico on signs of positive progress in the business. We also added to our position in **Prosus**, a holding company for a stake in the Chinese digital platform Tencent. Prosus appears set to resume its sell-down of Tencent stock and use the proceeds to undertake a concurrent buyback of Prosus shares as management seeks to close the sizeable holding-company discount.

Commentary

Western-market consumption has remained surprisingly resilient given the rapid rise in interest rates and the removal of pandemic-era stimulus. Clearly there has been support from low unemployment and solid nominal wage growth, but one would expect higher rates to bite at some point – particularly in markets such as Australia and the UK where mortgages are progressively resetting to much higher floating rates.

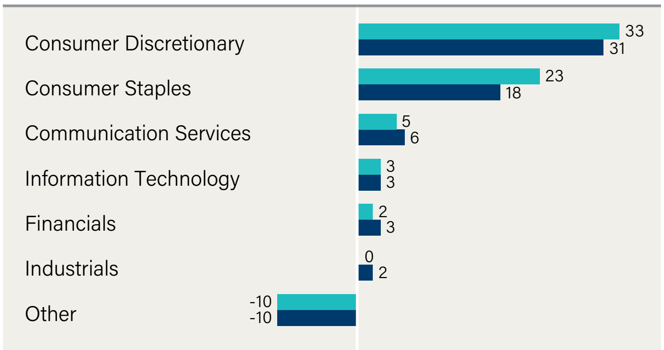
Disposition of Assets %



30 SEP 2023 30 JUN 2023

See note 3, page 36. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures %



30 SEP 2023 30 JUN 2023

See note 4, page 36. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

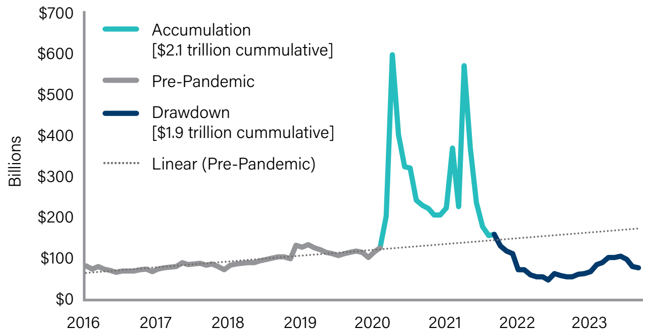
Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Ezaki Glico Co Ltd	Japan	Consumer Staples	5.3%
Prosus NV	China	Cons Discretionary	5.0%
Digital Garage Inc	Japan	Info Technology	3.7%
Fu Shou Yuan Int Group Ltd	China	Cons Discretionary	3.2%
Basic-Fit NV	Netherlands	Cons Discretionary	3.2%
China Feihe Ltd	China	Consumer Staples	3.2%
JD.com Inc	China	Cons Discretionary	3.1%
Haleon PLC	US	Consumer Staples	3.1%
Nien Made Enterprise Co Ltd	Taiwan	Cons Discretionary	3.0%
Meituan Dianping	China	Cons Discretionary	3.0%

As at 30 September 2023. See note 5, page 36.
Source: Platinum Investment Management Limited.

In the US we are seeing an interesting divergence – retailers most exposed to lower-income consumers are struggling while the higher end consumer remains reasonably resilient. However, even luxury bellwethers such as LVMH have been pressured by weakening Chinese consumption and a pullback in the US from the pandemic spending boom. Several analyses point to the prospect of weakening US consumption as consumers run down their pandemic-era excess savings. As the chart below indicates, dipping into the pandemic nest egg may have been supporting consumer lifestyles, but this dynamic appears to be nearing its end.

Drawing down accumulated excess savings in the US[1]



We have sought to avoid or to sell short otherwise mature businesses that enjoyed dramatic sales and margin expansion during the pandemic and where reversion to more 'normal' levels is yet to fully occur. Similarly, we hold short positions in a number of structurally challenged businesses and also "meme" stocks where unjustifiable valuations continue to unwind.

The stocks we are long tend to offer structural growth at reasonable valuations, such as funeral services business **Fu Shou Yuan** and low-cost gym operator **Basic-Fit**. Or they are deep value companies (trading at exceptionally low prices) that are either improving their capital allocation or have the potential to do so – such as Ezaki Glico and infant formula business **China Feihe**.

1 Federal Reserve Bank of San Francisco, BEA.

Outlook

We have a dim view of the outlook for consumer spending globally, and this is reflected in our conservative positioning, with the Fund only around 55% net exposed to markets, at the low end of our historical exposure range. Outside of Asia, inflation is showing signs of persistence, implying interest rates stay higher for longer, which likely leads to an economic slowdown and rising unemployment. In our view, instability in the commercial property sector and amongst heavily-indebted private equity portfolio companies could spill over into the broader economy.

Curiously, residential property prices in the West seem to be rebounding despite high mortgage rates, but this dynamic may prove short-lived. China has introduced various measures to stimulate its housing market, but we are yet to see the impact flow through to consumption with retail sales growth remaining weak.

We expect a continued reversion to mean levels of (inflation-adjusted) sales and operating margins for key US discretionary retailers that were beneficiaries of pandemic era spending. Conversely, we expect ongoing improvements in profitability for several of our holdings that were negatively impacted by the pandemic-era lockdowns and input cost spikes.

The valuations of many stocks we own are now considerably more attractive than they were even a few months ago and we continue to examine opportunities to buy excellent businesses at reasonable prices, preferring opportunities that present multiple ways to win. We continue to see the most opportunity in Chinese stocks, where spending has been restrained and could recover, rather than Western markets where consumers overspent and are now showing signs of retreating.

As always though, our holdings are a result of the bottom-up assessment of the opportunity set, with each stock possessing its own idiosyncratic characteristics that should provide an opportunity for outperformance separate to the path of consumption trends globally.

Platinum International Health Care Fund

Dr Bianca Ogden
Portfolio Manager

Overview

- During the quarter we took the opportunity to trim some positions that have done well (e.g. Telix and Quanterix) while adding to investments or initiating new positions that have made progress (e.g. Galapagos, and Bicycle Therapeutics).
- We have a holding in Zealand Pharma, a Danish biotech focusing on peptide therapy for metabolic diseases. Zealand is emerging as one of the key companies in obesity given the progress of its proprietary and partnered obesity pipeline.
- In our view, the investment environment for biotech and tool companies is currently affected by broader macroeconomic themes and tax loss selling. These issues are distracting from the fundamental investment case – we are close to historically low valuations in the segments we favour. We are focused on the long-term and see this as an opportunity to profit from the selldown.

Performance

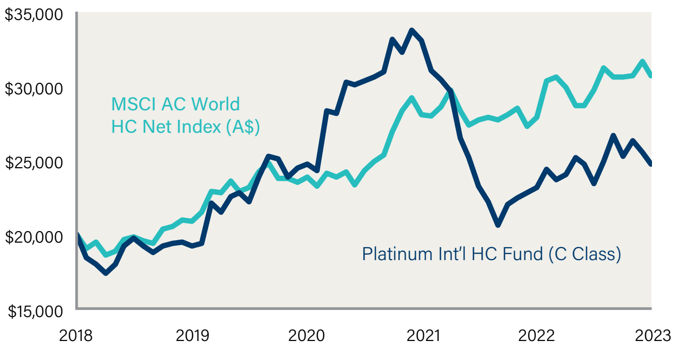
compound p.a.+, to 30 September 2023

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l HC Fund*	-2%	7%	0%	4%	9%
MSCI AC World HC Index^	0%	10%	9%	9%	9%

+ Excludes quarterly returns.
* C Class – standard fee option. Inception date: 10 November 2003.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI All Country World Health Care Net Index in AUD. Source: Platinum Investment Management Limited, FactSet Research Systems.
Historical performance is not a reliable indicator of future performance.
See note 1, page 36. Numerical figures have been subject to rounding.

Value of $20,000 invested over five years

30 September 2018 to 30 September 2023



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 36.

This quarter, three themes dominated healthcare.

- The "higher for longer interest rates" theme pressured the biotech sector. The NASDAQ Biotechnology Index was down just under 3% over the September quarter and up nearly 5% for the year to end September. While the S&P Biotechnology Select Industry index was down nearly 12% for the quarter and down nearly 8% for the year.[1]
- Trends in obesity therapeutics forced a rethink on the valuations of medical device companies.
- Life science tool companies remain in a holding pattern given continued inventory adjustments at customers, and lower demand in China. The cell and gene therapy sector remains challenged.

EU pharma was mostly a bright spot but overall generalist investors continue to stay well clear of Healthcare unless it is the obesity champions Eli Lilly or Novo Nordisk which significantly contributed to the performance of the index (both up 15-20% in local currency for the quarter and between 30% and 50% year to date). No doubt the injectable glucagon-like peptide (GLPs[2]) agonists are firmly on the obesity therapeutic map, however these therapies are not able to cure every ailment and oral obesity therapies are also putting runs on the board. **Structure Therapeutics** – a holding in the Fund – exemplified this trend, reporting good Phase 1 data this quarter.

During the quarter we exited and trimmed a number of investments mostly due to slower or disappointing progress (e.g. Gilead, Alector, Bayer). We continued to trim positions that have done well (e.g. **Telix** and **Quanterix**) while adding to investments or initiating new positions that have made progress (e.g. **Galapagos**, and **Bicycle Therapeutics**).

We have increased our exposure to large companies including **Johnson and Johnson** and GSK who are rolling out new products. **GSK** has recently received approval for momelotinib, a drug that originated here in Australia. Momelotinib can be used in the treatment of intermediate or high-risk myelofibrosis (a rare bone marrow blood cancer).

Our investment in **Exscientia** has been a clear drag on performance. The company continues to make good pipeline progress but had been caught up in the "AI hype" last quarter which turned into neglect this quarter. On many measures Exscientia is undervalued compared to its peers in the biotech sector.

Icosavax drifted lower this quarter despite its vaccine technology showing competitive durability. We added to our position.

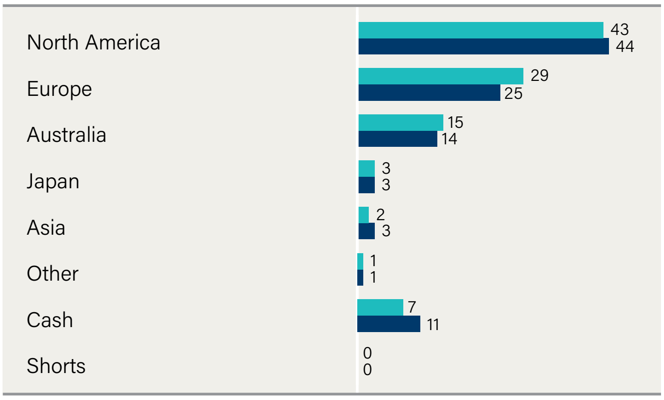
We have a holding in Zealand Pharma, a Danish biotech focussing on peptide therapy for metabolic diseases. Zealand is emerging as one of the key companies in obesity given the progress of its proprietary and partnered obesity pipeline.

Immunovant reported long-awaited data for its next generation anti-FcRn antibody in healthy volunteers. This emerging class of antibodies has the potential to be used in a wide array of autoimmune diseases. We invested in Immunovant when it was trading below cash. Based on our due diligence of the FcRn space and also the development approach at Immunovant, we saw the company as significantly undervalued versus peers. This quarter, Immunovant showed that its antibody achieved solid IgG reduction when given weekly as a subcutaneous injection to healthy volunteers. More importantly no decrease in albumin (vs baseline) and no increase in LDL-C (vs baseline) were observed. This was the best-case scenario for us and we believe that even after significant share price appreciation a valuation disconnect remains vs other anti-FcRn companies.

1 Source: Factset Research Services.

2 Glucagon-like peptide-1 receptor (GLP-1) are a class of drugs that mimic the naturally occurring GLP-1 hormone. Upon food intake GLP-1 hormones stimulate insulin production hence "GLP-1 agonists" are used for diabetes. In addition to insulin secretion these hormones also reduce gastric emptying and reduce appetite.

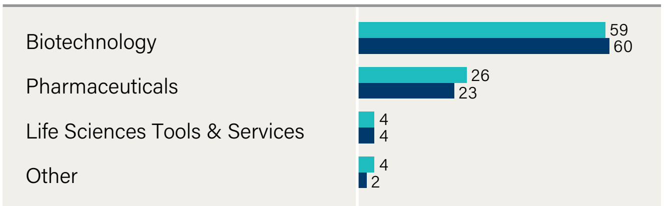
Disposition of Assets %



30 SEP 2023 30 JUN 2023

See note 3, page 36. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures %



30 SEP 2023 30 JUN 2023

See note 4, page 36. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
SpeeDx Pty Ltd	Australia	Biotechnology	7.1%
Takeda Pharmaceutical Co	Japan	Pharmaceuticals	3.2%
Sanofi SA	US	Pharmaceuticals	3.1%
Zealand Pharma A/S	Denmark	Biotechnology	2.9%
UCB SA	Belgium	Pharmaceuticals	2.8%
Exscientia Plc	UK	Biotechnology	2.8%
Immunovant Inc	US	Biotechnology	2.7%
Telix Pharmaceuticals Ltd	Australia	Biotechnology	2.7%
Quanterix Corp	US	Life Sciences Tools	2.6%
Ideaya Biosciences Inc	US	Biotechnology	2.5%

As at 30 September 2023. See note 5, page 36.
Source: Platinum Investment Management Limited.

Commentary

This year's Noble Prize for Medicine will be awarded to Professors Katalin Karikó and Drew Weissman, the two scientists that worked out that by modifying a building block of the mRNA the molecule is able to fly under the radar of the body's immune response. This was a fundamental discovery that paved the way for mRNA to be used as a vaccine and as a therapeutic.

Today we see this as a ground-breaking step but when Karikó was looking for grants to do her experiments she was rejected. Similarly, in 2005 when Karikó and Weissman were looking to publish their work, rejections were the norm with *Nature* journal rejecting it as "an incremental contribution." In the end it did get published (*Immunity* 2005 Aug;23(2):165-75) but it failed to generate excitement.

To say theirs was a challenging road is an understatement. To get from a hypothesis to a commercial product, a lot of pieces, money and luck have to coalesce. It is a bumpy journey and currently many investors are shunning the biotech sector altogether. However, biotechs are the ones that will give us new and better medicines in the future. A bumpy road is part of it and just giving up because the wind changes is not an option.

Take Biontech, a company that is working on non-COVID uses for mRNA. In 2016 we got interested in mRNA as a therapeutic after reading a *Nature* paper from Biontech highlighting the use of mRNA as immune therapy in cancer. The same year Genentech and Biontech entered an alliance to develop cancer vaccines. We invested in Biontech's pre-IPO (Moderna at IPO stage) as their plan to develop multiple modalities to treat cancer appealed to us. So did the team running the company – including Katalin Karikó.

The pandemic changed our investment case temporarily and we did exit our investments due to valuation. Today Biontech is back in the portfolio. COVID sales are not our main thesis, we are intrigued by the pipeline, particularly the alliance with private biotech firm, OncoC4, providing access to a next generation CTLA-4 antibody (ONC-392).

CTLA-4 (cytotoxic T-lymphocyte -associated protein 4) is a known immune checkpoint, with two anti-CTLA-4 antibodies approved. Anti-CTLA-4 is not a crowded space and approved drugs have limitations.

OncoC4 has an antibody with a twist, it allows CTLA-4 recycling while other inhibitors disrupt this process hence causing adverse immunotherapy-related effects.[3] We have met with OncC4 to understand more about their approach and the clinical data on ONC-392.

So far, clinical data is indeed intriguing, showing activity in non-small cell lung cancer patients who progressed following PD-1/PD-L1 therapy. The drug has just started Phase 3 and if the data holds up in this larger trial, Biontech could have a drug on the market in 2025. One can imagine that a safer CTLA-4 antibody could find use in earlier lines of treatment and may open opportunities in adjuvant treatment.[4] In short, there is the potential for an emerging non-COVID franchise for Biontech that could see the company match up with our pre-COVID investment case – albeit with a much better cash balance of around $17 billion on hand.

Outlook

The investment environment for biotech and tool companies is yet again dancing to the tune of broader macroeconomic themes. This theme – plus tax loss selling – is distracting from the fundamentals of the investment case.

In our view we are again close to historically low valuations in the segments we favour and it is crucial we focus on the long-term and use this opportunity to take advantage of the sell-down. The financial updates from life science tools companies in the coming weeks will be closely watched for any indication about end market recovery, while medical device companies will have to continue to explain how they see their business fare in times of obesity therapeutics.

In the coming weeks, Novo Nordisk will also present the cardiovascular outcome data where Novo Nordisk's GLP-1 agonist (2.4mg semaglutide) was tested against placebo. The trial was successful but details will help understand the ramifications for the wider healthcare system.

As is the custom in biotech and pharma, we continue to expect further consolidation in the sector.

Note:

From 3/10/2023, the Platinum International Health Care Fund was renamed the Platinum International Health Sciences Fund to better reflect the characteristics of the Fund's investments.

3 See Zhang, Y., Du, X., Liu, M. et al. Cell Res 29, 609–627 (2019).

4 Adjuvant treatments follow primary treatments (such as surgery) and are designed to reduce the chance of cancer recurring.

Platinum International Technology Fund

Jimmy Su
Portfolio Manager

Overview

- The Fund was down less than 1% in the past quarter whereas the technology benchmark fell over 3%. Key contributors to performance include Universal Music Group, Black Knight, Soitec and Bookings.
- In the generative AI (genAI) space we look for companies where these new technologies will drive new avenues for profitable revenue growth and strengthens the company's competitive position. We're also focussed on companies that can capture value by charging for these products. One example is Adobe, the digital experiences business with a dominant position in creative software. Its Firefly genAI product is embedded within its apps and Adobe is working to monetise this genAI product. As with most software products, Firefly's incremental margins should be relatively high.
- Current market conditions feel a lot like 2021, in that one needs to move down the quality and risk spectrum to find half-decent returns. However, instead of chasing those short-term returns, the team has been patient. On the long side, we are spending time identifying a list of quality businesses we would like to own at the right price. We recently returned from a research trip to the US with a list of prospects worthy of further investigation.

Performance

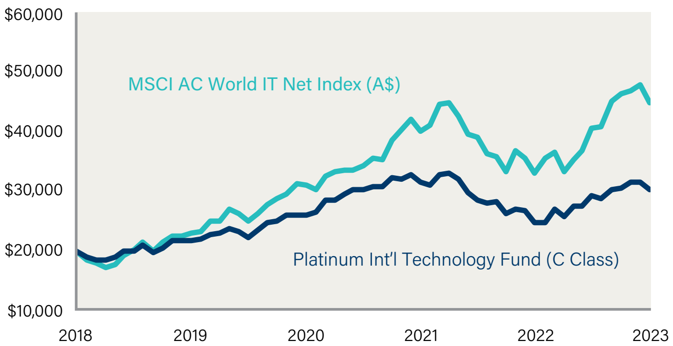
compound p.a.+, to 30 September 2023

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Tech Fund*	-1%	23%	5%	9%	9%
MSCI AC World IT Index^	-3%	35%	13%	18%	5%

+ Excludes quarterly returns.
* C Class – standard fee option. Inception date: 18 May 2000.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI All Country World IT Net Index in AUD.
Source: Platinum Investment Management Limited, FactSet Research Systems.
Historical performance is not a reliable indicator of future performance.
See note 1, page 36. Numerical figures have been subject to rounding.

Value of $20,000 invested over five years

30 September 2018 to 30 September 2023



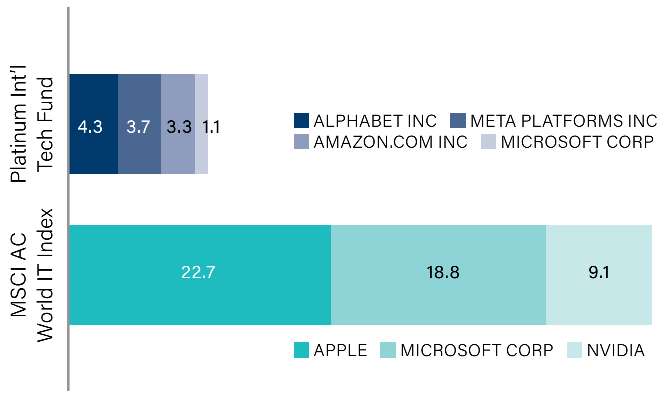
After fees and costs, before tax, and assuming reinvestment of distributions.
Historical performance is not a reliable indicator of future performance.
Source: Platinum Investment Management Limited, FactSet Research Systems.
See notes 1 & 2, page 36.

The Fund was down less than 1% in the past quarter whereas the technology benchmark declined over 3%. Key contributors to performance include **Universal Music Group** (+22%), **Black Knight** (+19%), **Soitec** (+13%), **Bookings** (+14%) and the Fund's short portfolio (+18%). Key detractors from performance include **DeNA** (-20%), **Samsung SDI** (-23%), **Infineon** (-17%), **ASML** (-15%) and **Microchip** (-12%).

There are three key drivers that explain the difference between the Fund's performance and the benchmark.

- Microsoft, Apple and Nvidia make up ~50% of the benchmark weighting whereas the Fund's exposure to mega cap tech is generally below 20% (currently at ~15%).
- The Fund generally seeks to be 80 – 90% net invested. This means that in strong and narrow markets (for example 1H23), the Fund's performance lags – though the inverse can apply when markets are weak – for example in 1H22.
- USD holdings make up ~40% of the Fund and this is significantly lower than the benchmark at ~89%. As such, the Fund will typically underperform when the USD appreciates vs other key currencies (EUR and JPY) at a faster rate vs the AUD. The converse is true when the USD depreciates.

Fund exposure to Mega Cap Tech vs MSCI AC World IT Index (% Weight)



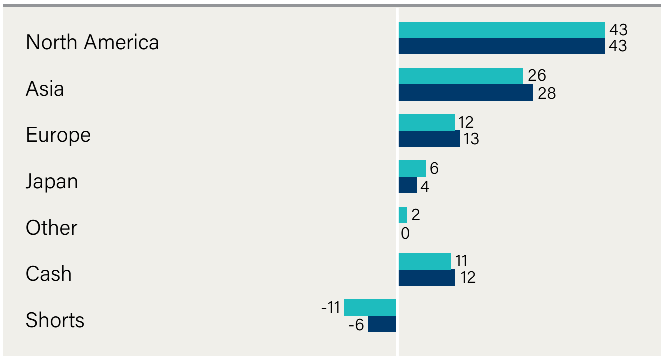
As at 30 September 2023. See note 5, page 36.
Source: Platinum Investment Management Limited and Factset Research Systems.

The Fund initiated a position in Japan's **Keyence**. We expect strong demand for their automated inspection equipment and machine vision solutions. This will be driven by a number of factors: increased investment in the global Electronic Vehicle (EV) value chain, semiconductor manufacturing, the reshoring of manufacturing (often with governments' fiscal support), structural adoption of robotics and investment in manufacturing automation.

In our view, Keyence will maintain its position as the global leader given its innovation in image processing software (which yields faster line speeds and throughputs and lower per-unit costs). It also has a strong direct distribution and sales network.

We also added to positions in **Adobe**, **Amazon**, **STMicro**, **Mobileye** and Universal Music Group. The Fund exited **Soitec** at a decent profit as we were concerned that customer wins in Soitec's SmartCut SIC were falling well behind our expected time line. We also question whether the industry needs this technology given the increase in high quality capacity coming out of China. Over recent months we also trimmed our exposure to **Meta**, **PayPal**, **SK Hynix** and **Bookings Holdings**.

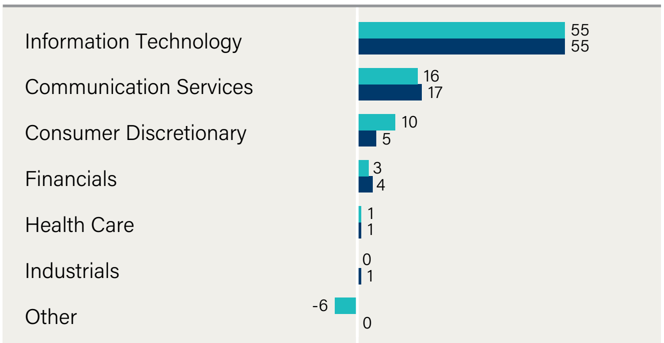
Disposition of Assets %



30 SEP 2023 30 JUN 2023

See note 3, page 36. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures %



30 SEP 2023 30 JUN 2023

See note 4, page 36. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
SK Hynix Inc	South Korea	Info Technology	4.5%
Samsung Electronics Co	South Korea	Info Technology	4.3%
Alphabet Inc	US	Comm Services	4.3%
Taiwan Semiconductor	Taiwan	Info Technology	4.3%
Micron Technology Inc	US	Info Technology	4.2%
Infineon Technologies AG	Germany	Info Technology	4.1%
Microchip Technology Inc	US	Info Technology	4.0%
Meta Platforms Inc	US	Comm Services	3.7%
Amazon.com Inc	US	Cons Discretionary	3.3%
Constellation Software Inc	Canada	Info Technology	3.0%

As at 30 September 2023. See note 5, page 36.
Source: Platinum Investment Management Limited.

Commentary

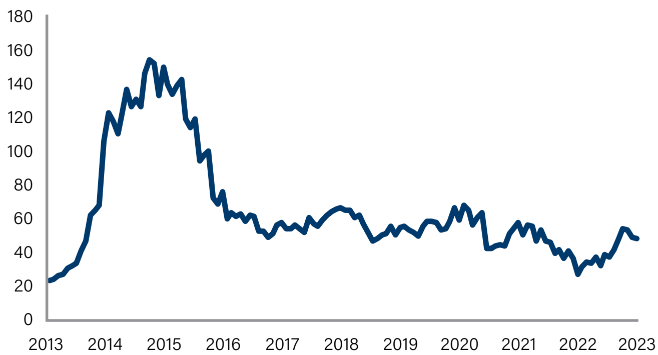
In our framework for investing in generative AI (genAI), we look for two things.

- We look for companies where genAI will likely be a sustaining innovation in the short to medium term – one that creates a new avenue for profitable revenue growth and strengthens the company's competitive position. We use a bottom-up process to understand how genAI products could potentially add value to the company or its customers, compare the company's product roadmap vs competitors, and, crucially, assess whether the company can capture some of the value by charging for these products.
- We also seek companies that trade at a valuation which provides us with an *asymmetric* payoff. One where we realise decent returns for investors if we are correct in our assessment, but limit the downside in the event we are wrong.

One example is Adobe, where the Fund took a 2.5% position in the last quarter. The Creative Cloud business is ~65% of Adobe revenue. The software is used by creative professionals for graphic design, video editing, animation and photography. Whilst the creative software market is flooded with cheap point solutions, Adobe remains dominant. Competitors struggle to replicate Adobe's broad suite of apps and tools developed over more than 30 years. They also have to contend with the interoperability of the Adobe ecosystem which means users can access projects on multiple apps with minimal friction (for example not worry about file compatibility or importing/exporting).

Adobe also benefits from the 'network effect' of being a de-facto industry standard. The strength of the business is reflected in the fact that industry participants we have spoken to believe Creative Cloud likely makes ~45%s EBIT margins and contributes to >90% of Adobe's EBIT. Adobe has historically traded on ~40 - 60x GAAP PE over the last decade, a reflection of the business' high quality.

Trailing Adobe P/E (x) since 2013



Source: Platinum Investment Management Limited and Factset Research Systems.

In 1H23, Adobe launched Firefly in beta testing. Firefly is a genAI product directly embedded within its apps which gives users the ability to quickly generate and edit images using text prompts. From our conversation with creative professionals, Firefly could significantly increase productivity, replace boring and tedious parts of the workflow and save costs as a stock library replacement.

If the technology proves to be successful, Firefly is likely to be widely adopted by the creative industry, as not doing so will put one at a productivity disadvantage vs their competitors. Adobe is also investing to build new genAI products that address other parts of a creatives' workflow including in vector graphics, music and video. We think the growth potential here could be even more meaningful as the productivity and cost savings could be multiples of that in image manipulation.

Firefly could potentially help Adobe take market share from lower priced or free point solutions who typically don't have the resources to meaningfully invest in their own generative AI offerings. Given its ease-of-use, Firefly could also eat into simple use cases typically addressed by these point solutions.

We're also not too concerned about competition from AI-native businesses like MidJourney or Dall-E. As we write, Firefly is unique in indemnifying users from copyright claims, a key consideration for core professional users. Firefly also has a significant distribution advantage given it is directly integrated into Adobe's apps, allowing users to use the tool with minimal friction and adjustment to their workflows.

Adobe is one of the few SaaS vendors who have successfully monetised their genAI product. In October, Adobe rolled out Firefly to all Creative Cloud users, raised prices across the board by up to 10%, and is charging users for additional consumption via credit packs. Assuming ~50% of users buy one credit pack per year yields a potential total revenue uplift of ~$1.8bn over the next three years – equivalent to 3% acceleration to revenue growth. The uplift will be higher if we assume that Adobe is successful in developing their music and video genAI products. Like most software products, the incremental margins on Firefly should be relatively high.

If Firefly adoption in image editing does take off we can see a scenario where earnings per share grows significantly. The upside could be even higher if Adobe's genAI for music and video proves to be successful. If we are wrong, we see limited downside as we paid ~45x for a quality business that historically traded between 40 – 60x.

Outlook

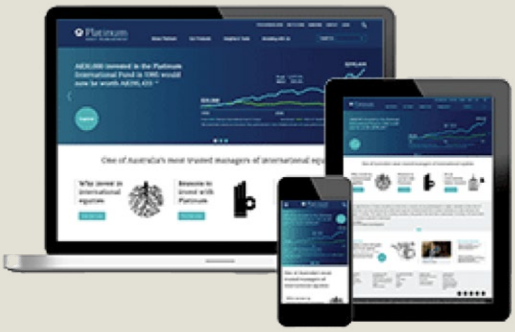
Current market conditions feel a lot like 2021, in that one needs to move down the quality and risk spectrum to find half-decent returns. However, instead of chasing those short-term returns, the team has been patient. On the long side, we are spending time identifying a list of quality businesses we would like to own at the right price. We recently returned from a research trip to the US with a list of prospects worthy of further investigation.

We also run a short portfolio and we've been more active here given current market conditions. In areas of strong enthusiasm such as AI and clean tech, we are finding R&D projects masquerading as real businesses or stock promotion schemes trading on unbelievable valuations. We are of the belief that it's unlikely most of these businesses will ever make money. We will manage the asymmetric risk return profiles here by putting on a number of small positions.

Note:

From 3/10/2023, Jimmy Su became sole Portfolio Manager of the Platinum International Technology Fund having previously been Co-Portfolio Manager with Alex Barbi.

Highlights from The Journal



You can find a range of thought-provoking articles and videos on our website in **The Journal** under **Insights & Tools.** You can listen to our Quarterly Report podcast or watch the videos of our brief market updates.

VIDEO

Platinum's Back on the Road.[1]

Our investment team is back on the road, meeting with companies and visiting factories, tech hubs, luxury stores and science labs, to name a few, all over the world, from India to Norway, in search of new investment opportunities. Key insights from the most recent trips are captured in this short video.

VIDEO

Energy Utilities Leading Disruption in Carbon Transition.[2]

The energy utilities sector is facing enormous challenges over the coming decades as we undertake the carbon transition. Change, fear, and investors' perceptions and valuations of energy utility stocks are all attractive reasons for Platinum to invest in this space. Liam Farlow and Ben Robinson discuss the challenges and opportunities, drilling down into one relatively recent addition to our portfolios, AGL Energy.

VIDEO

Psychology Provides the Edge When Navigating Uncharted Waters.[3]

Buying travel stocks during the worldwide lockdown was undoubtedly uncomfortable, but often the more uncomfortable the decision, the better the outcome. Nik Dvornak chats with Olivia Salmon about the valuable role that psychology and experience can play when navigating uncharted waters.

VIDEO

Finding Opportunities Where Others Fear to Tread.[4]

Buying a company that sells credit data to banks may seem counterintuitive when fears of a recession are high, but that's exactly the sort of company Platinum likes. Clay Smolinski discusses the role of macroeconomics in investing and how times of increased uncertainty can create mispricings and opportunities.

ARTICLE

How Japan Regained Its Mojo.[5]

The Japanese stock market is booming in 2023. So, what has changed, and more importantly, is this rally sustainable? James Halse explains how Japan has regained its mojo.

VIDEO

Funds in Focus Webinar Series 2.[6]

During the quarter, Platinum held the second series of its 2023 Funds in Focus adviser webinars. This series featured James Halse and Leon Rapp on the Platinum Japan Fund, Andrew Clifford and Kirit Hira on the Platinum Asia Fund, and Andrew Clifford, Clay Smolinski and Nik Dvornak on the Platinum International Fund. The presenters provided key investment insights and updates on their respective fund's portfolio positioning, key stocks and drivers of recent performance.

1 www.platinum.com.au/insights-tools/the-journal/platinums-back-on-the-road
2 www.platinum.com.au/insights-tools/the-journal/energy-utilities-leading-disruption-in-carbon-transition
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Some light relief

CartoonStock.com

"EDDIE, DON'T LOOK AT IT AS STOCKS GOING DOWN. LOOK AT IT AS AN OPPORTUNITY TO GET IN BEFORE STOCKS GO BACK UP."

CartoonStock.com

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) of the stated unit class of the Fund 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. Where applicable, the gross MSCI index was used prior to 31/12/98. 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$20,000 invested in C Class (standard fee option) of the Fund over the specified period relative to the specified MSCI index in AUD.
3. The geographic disposition of assets (i.e. other than "cash" and "shorts") 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. "Shorts" show the Fund's exposure to its short securities positions and short securities/index derivative positions, as a percentage of its portfolio market value. "Cash" in this graph includes cash at bank, cash payables and receivables and cash exposures through long derivative transactions.
4. The graph shows the Fund's net exposures to the relevant sectors through its long and short securities positions and long and short 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".

   The Platinum Global Fund (Long Only) does not undertake any short-selling of stocks or indices. As a result, its net sector exposures through its securities positions and securities/index derivatives positions are its sector exposures through its long securities and long securities/index derivatives positions.
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.

About us

Platinum Asset Management is a Sydney-based manager specialising in international equities.

The investment team uses a thematic stock-picking approach that concentrates on identifying out-of-favour stocks with the objective of achieving superior returns for our clients. We pay no heed to recognised indices. We aim to protect against loss and will hedge stocks, indices and currencies in our endeavours to do so.

The firm was founded in February 1994 by a group of professionals who had built an enviable reputation. The investment team has grown steadily and Platinum now manages around A$16 billion. Platinum's ultimate holding company, Platinum Asset Management Limited (ASX code: PTM), listed on the ASX in May 2007.

Since inception, the Platinum International Fund has achieved superior returns to those of the MSCI AC World Net Index (A$)* and considerably more than interest rates on cash.

Investor services numbers

Monday to Friday, 8.30am – 6.00pm AEST

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* Please refer to page 1.

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