

# Platinum European Fund



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Portfolio Manager

## Overview

- European markets look appealing. The region's markets are supported by lower rates, stimulus spending, digital transformation and deregulation. A more challenging US foreign policy may have the unexpected effect of increasing European self-reliance in ways that improve economic and business results.
- Banking stocks were a highlight for the Fund this quarter. **Société Générale, Barclays** and **ABN AMRO** did well as the European financial sector rose due to lower rates and economic stimulus. Whilst our holdings benefited from these sector-wide strength they were also rewarded for cutting costs, shedding weak businesses and automating processes.

## Performance

compound p.a.<sup>+</sup>, to 31 December 2025

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum European Fund*	6%	14%	13%	8%	10%
MSCI AC Europe Index <sup>^</sup>	6%	26%	19%	13%	5%

+ Excludes quarterly returns.

\* C Class – standard fee option. Inception date: 30 June 1998.

After fees and costs, before tax, and assuming reinvestment of distributions.

<sup>^</sup> Index returns are those of the MSCI All Country Europe Net Index in AUD.

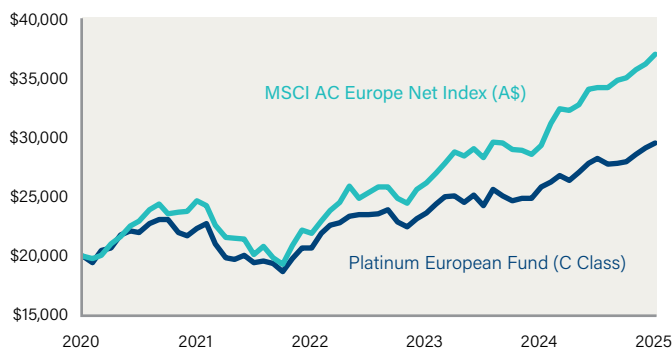
Source: Platinum Investment Management Limited, FactSet Research Systems.

Historical performance is not a reliable indicator of future performance.

See note 1, page 5. Numerical figures have been subject to rounding.

## Value of \$20,000 invested over five years

31 December 2020 to 31 December 2025



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 5.

The Platinum European Fund returned 6% for the quarter (C Class) in AUD terms. Over the past year, the Fund delivered a 14% return, navigating the market volatility arising from policy shifts, trade tensions and rotations across industry sectors.

European markets ended the year upbeat, despite a wobble in November driven by concerns that massive investment in AI build-out may go under-rewarded. European markets also rode out the political turmoil in France where a prime minister resigned after only 27 days – and was reappointed a few days later.

## Performance drivers

The Fund's Q4 2025 performance was driven by Financials and Healthcare while detractors were Technology names or Consumer stocks facing company-specific pressures.

**Société Générale** emerged as a top performer, surging +21% over the quarter. The French banking giant reported solid Q4 results and in November announced a second €1bn share buyback, exceeding market expectations.

This commitment to capital returns resonated strongly with investors, lifting the stock amid broader optimism about European banks' ability to navigate a lower-rate environment. Even though Société Générale's share price continued rising into year end, its valuation remains among the most attractive in the sector.

What could drive the stock higher? Better cost control, further payouts of excess capital via share buybacks and dividends and a more ambitious Return on Tangible Equity target for the next three years should bring Soc Gen in line with the broader European banking sector.

**Allfunds Group**, the pan-European fund distribution platform, was another standout, rallying +28%, after a bid from Deutsche Börse.

**Barclays** also contributed significantly, advancing +25% on reassuring messaging regarding asset quality and good top-line performance in core divisions, including US consumer. Barclays' restructuring efforts, including cost reductions and a focus on high-return businesses, have positioned it for sustained Return on Equity improvements.

Amongst our detractors, **SAP** suffered a 9% decline. Despite robust cloud revenue growth of +27%<sup>1</sup> in Q3, SAP suffered as the software sector grappled with the risk of AI disruption. We view this as a temporary issue, with SAP's own AI-integrated ERP solutions a potential medium-term upside.

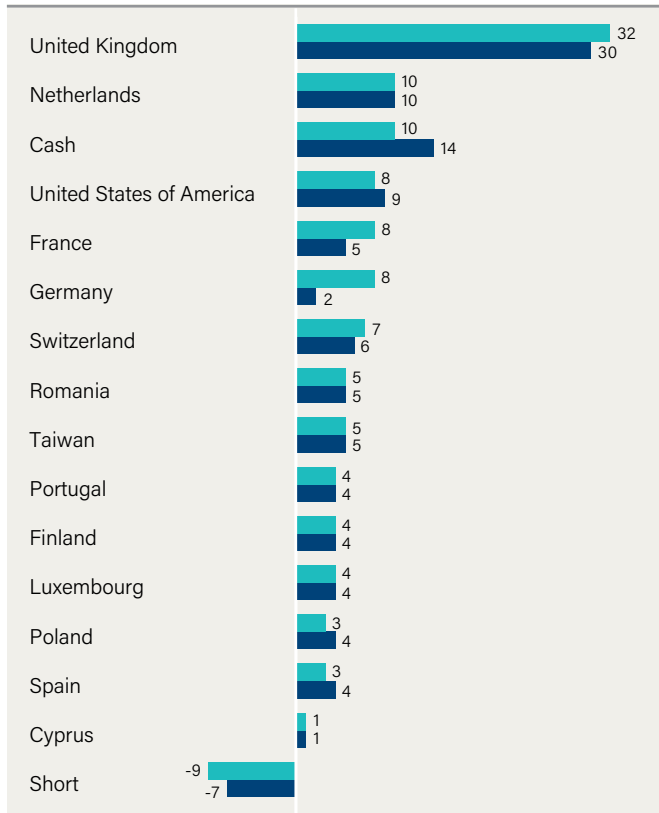
**Birkenstock's** share price fell 12%, following weaker-than-expected guidance and concerns the brand's momentum is weakening due to underwhelming direct sales through Birkenstock stores and their online shop. **Cellnex Telecom** fell 6%. There were delays in the sale of non-core assets and concerns about consolidation of its customer base in some European countries.

Throughout the quarter, we refined the portfolio. Early in the quarter, we exited gambling stock **Flutter** as we grew concerned about the impact of higher UK gambling taxes. Flutter is also lifting spending to counter the growth in predictive markets. In these markets gamblers bet on political or geopolitical events and this is seen as potentially cannibalising traditional betting. We also exited **Inditex** – the Spanish owner of Zara – following strong share price performance. In addition, we sold out of UK healthcare product company **Haleon Plc**.

We redeployed the capital in emerging opportunities such as a semiconductor capital equipment company benefiting from the surge in AI data centre development. We also invested in a small European supplier to the defence industry and a speciality chemical distributor.

<sup>1</sup> Source: SAP Investor relations October 2025

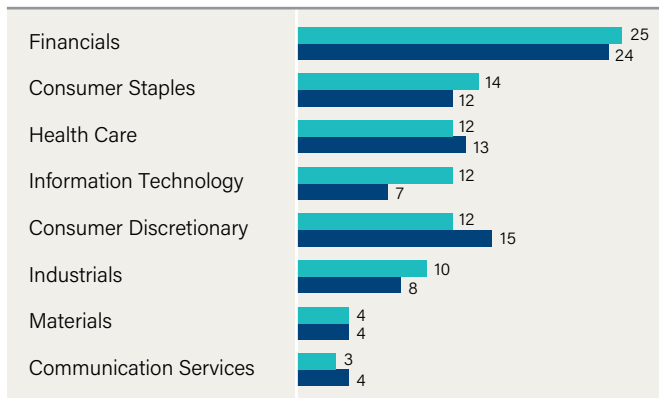
## Disposition of Assets %



■ 31 DEC 2025 ■ 30 SEP 2025

See note 3, page 5. Numerical figures have been subject to rounding. Source: Platinum Investment Management Limited.

## Net Sector Exposures %



■ 31 DEC 2025 ■ 30 SEP 2025

See note 4, page 5. Numerical figures have been subject to rounding. Source: Platinum Investment Management Limited.

## Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Banca Transilvania SA	Romania	Financials	5.0%
ASML Holding NV	Taiwan	Info Technology	4.8%
Nestle SA	US	Consumer Staples	4.6%
Societe Generale S.A. Class A	France	Financials	4.4%
London Stock Exchange Grp	UK	Financials	4.2%
Rentokil Initial PLC	UK	Industrials	4.2%
Barclays PLC	UK	Financials	4.0%
Jeronimo Martins SGPS SA	Portugal	Consumer Staples	3.7%
Lonza Group AG	Switzerland	Health Care	3.7%
Allfunds Group Plc	UK	Financials	3.7%

As at 31 December 2025. See note 5, page 5. Source: Platinum Investment Management Limited.

## Banks soaring – profitable growth, right-sizing, capital optimisation

Our financial holdings rode up on the European Financial sector’s resilience during Q4 25. European banks benefited from stabilising net interest margins, higher asset quality and efficiency gains from digital transformations. Over the full year, the financial sector surged +80%<sup>2</sup>, its best ever performance and comfortably outpacing the overall STOXX 600’s 16% gain. This stellar run was underpinned by declining interest rates, which eased funding pressures as well as by fiscal measures such as Germany’s €500 billion infrastructure and defence package. These boosted lending prospects and economic multipliers.

In the ever-evolving landscape of European banking, few stories capture this transformation like **ABN AMRO**. Once a stalwart of the Dutch financial scene, the bank had stumbled in recent years, missing guidance and losing control of costs. Investors grew wary as missed targets eroded confidence and operational inefficiencies ballooned.

Every great turnaround begins with a catalyst, and for ABN AMRO, that arrived in the form of new leadership.

Enter Marguerite Bérard, a seasoned executive who became CEO in April 2025. Bérard immediately outlined a significant restructure. Her vision: to reposition ABN AMRO as a leaner and more agile player. Under her guidance, the bank embarked on a multi-year overhaul, emphasising what we see as the ‘trinity’ of success in European banking – profitable growth, rightsizing costs and capital optimisation.

<sup>2</sup> Measured by the Euro STOXX Bank Index, local currency, Source: Factset

This wasn't just rhetoric; it was a blueprint for revival, designed to amplify returns in a supportive macro environment where ABN AMRO's European peers were already flying high.

The narrative reached a pivotal chapter at the ABN AMRO Capital Markets Day on 25 November 2025. Here, Bérard and her team unveiled an ambitious yet grounded strategy for 2026-2028, one that promised to shed the bank's historical baggage and propel it toward sustainable excellence. Central to the plan was workforce optimisation: a net reduction of almost 20% by 2028 compared to 2024 levels. This wasn't about indiscriminate cuts but a thoughtful rightsizing, leveraging automation and process efficiencies to streamline operations.

Financial targets outlined that day painted a picture of renewed vigour. Management set sights on a cost-to-income ratio below 55% by 2028. This is a sharp improvement from recent figures, achieved through disciplined expense management and digital transformation. Equally compelling was the goal of a return on equity (ROE) of at least 12%, signalling a shift toward higher-margin businesses and smarter capital allocation. Investors, long sceptical of the bank's execution, responded with enthusiasm – shares almost doubled this year as the clarity of the roadmap ignited optimism.

We view ABN AMRO as a classic turnaround where undervalued assets catch an improving ROE trajectory in a market ripe for upside. ABN AMRO's story underscores the power of focused leadership. Bérard's restructuring isn't without risks – execution will be key amid potential regulatory shifts or economic hiccups – but the asymmetric potential is compelling.

## Outlook – Europe pushed to innovate

As Europe steps into 2026, the confluence of policy easing, fiscal expansion and structural reforms positions the region for outperformance relative to its global peers.

Thanks to the ECB's 2025 rate cuts, borrowing costs are at levels that encourage investment and consumption. Meanwhile, Germany's €500 billion infrastructure and defence package should yield visible economic effects in the second half of the year, boosting lending activity and supporting growth multipliers across construction, manufacturing and related sectors. This mix of accommodative monetary policy and targeted fiscal stimulus highlight how undervalued European assets are. They are fertile ground for selective investors.

In our last Quarterly, we highlighted Europe's quiet reinvention – a gradual shift toward greater competitiveness through deregulation, digital integration and energy transitions. Since then, two geopolitical developments have heightened the need for accelerated change.

First, the recent US National Security Strategy signals a deepening rupture in transatlantic relations. For Europe, this demands greater self-sufficiency. The continent needs to reconfigure supply chains, friend-shore manufacturing and redirect investment toward resilient, intra-European networks. Stricter US export controls on advanced technologies such as AI and semiconductors could restrict European access to these technologies if policy divergences widen, pressuring European firms to invest in their own capabilities.

In October, China added their own set of trade tensions by threatening to impose new export regulations on rare-earth minerals and related products, targeting the US and its allies in retaliation for chip restrictions and tariffs. This disrupted global supply chains critical to electronics, electric vehicles and defence technologies and prompted the EU to intensify de-risking strategies.

These are serious challenges but change invariably creates opportunities for discerning investors. Geopolitical realignments are fostering innovation in Europe's defence, tech and energy landscapes, where undervalued companies with strong balance sheets stand to benefit from policy-driven tailwinds. We continue to find attractive investment prospects in these areas. In a world of flux, Europe's reinvention is gaining momentum and we are positioned to capture its upside.

## 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 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. [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 table includes cash at bank, cash payables and receivables and cash exposures through derivative transactions.
4. The table 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".
5. The table shows the Fund's top ten positions as a percentage of its portfolio market value taking into account its long securities positions and long securities derivative positions.

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