Platinum Global Fund®

ARSN 600 630 537

Quarterly Investment Manager's Report

31 December 2024

Platinum® GLOBAL FUND

Platinum® ASSET MANAGEMENT

Investment Update

Platinum Global Fund

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Portfolio Manager

Overview

- The Fund underperformed significantly over the past year with an underweight to US technology stocks contributing to underperformance. More positively, our Chinese stocks delivered a 12% return for the year.
- We are seeing signs of speculative fervour in the US market. We feel the positives from a Trump election victory – for example deregulation – are being factored in whilst the risks of higher inflation due to tariffs and labour markets tightened by immigration restrictions are being ignored.

Performance

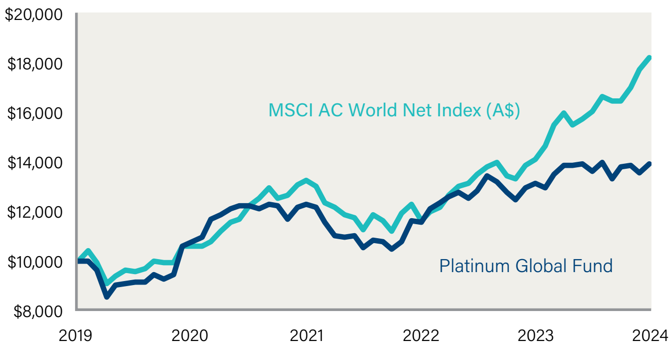
compound p.a., to 31 December 2024

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Global Fund*	1.0%	5.9%	4.2%	6.9%	8.5%
MSCI AC World Index^	10.9%	29.5%	11.2%	12.9%	13.0%

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

Value of $10,000 invested over five years

31 December 2019 to 31 December 2024



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

Over the year the Fund returned around 6% which represents a large opportunity cost from the 29% return posted by the AC World Index.

The driver of the index return is familiar. The US market (S&P500) again posted outsized gains (23+% in USD) thanks to its heavier weighting to technology stocks. The MSCI World IT index rose 32% over the year (in USD).

Returns in the rest of the world were more muted but still solid, with the MSCI AC world ex US rising 16%.

The reasons for underperformance in 2024

What explains our Fund's lower returns? Our Chinese holdings delivered solid performance over the year, returning 12%. However, our much lower allocation to the US market and technology stocks was a big headwind. Stock selection also played a role. This year the pattern was that our larger winners were often accompanied by large detractors, holding back aggregate returns.

In our technology holdings, large gains in firms such as **TSMC** (+80%), **Broadcom** (around 90%) and **Tencent** (47%) were offset by 30% falls in **Samsung Electronics** and **Microchip**. We saw a similar situation in commercial services companies, with gains in **TransUnion** (+35%) and the **London Stock Exchange** (+22%), partially offset by the 24% fall in our top ten position **Allfunds**.

In our travel holdings good performance from India's **Interglobe** (+50%) and China's **Trip.com** (over 65%) were partially offset by a 32% fall in **Wizz Air**. In short our stock picking over the year resembled a barbell, where we picked decent winners, but some large losers as well.

The quarterly view

Moving onto the quarter, good contributors included Broadcom (up 30%). A key to the Broadcom investment case is the growth potential in their custom AI chip division which serves players like Google and Meta. At their quarterly result Broadcom said that planning discussions with their customers led them to believe revenue from this division could rise to circa $40-50bn by 2027. (It was $12bn in 2024).

Elsewhere, UK wealth advisor St James Place rose nearly 20% as fund flow and client retention beat expectations.

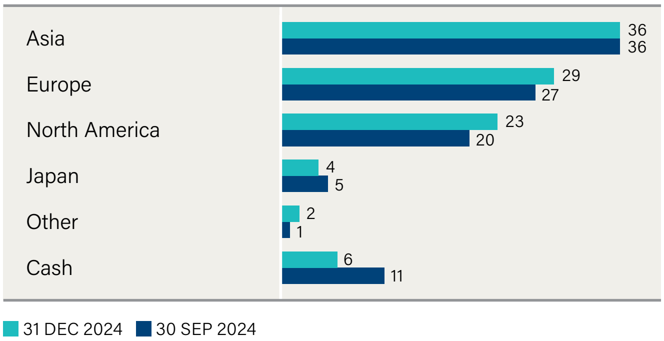
Our detractors were clustered in two areas, China and oil & gas. In line with the broader Chinese market, most of our holdings gave back half their September gains, as investors await more follow through on the government's pledges to support the economy. Our oil and gas names such as US companies **Valaris** (-20%) and **Schlumberger** (-11%) fell as investors questioned OPEC's next move, given the Trump administration's desire to dramatically increase US oil production.

Adding some NICE

In our March quarterly, we detailed how we viewed the AI investment opportunity and why most of our AI-themed investments were in the hardware/semiconductor manufacturers who will power these models. While we still hold those investments, we have been on the lookout for beneficiaries of AI in the **software** space.

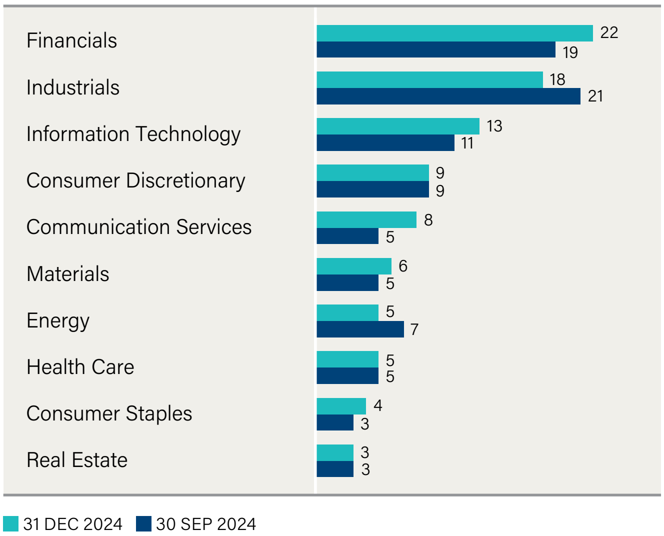
A good example of this, and recent addition to the fund is **NICE**. NICE provides cloud-based contact centre software to customers operating large/complex call centre operations (think major insurance companies or a government service like Service NSW). This software is multifaceted – including the digital telephony and call routing, software that manages the call centre staff, CRM software and new AI modules used to handle call centre workloads.

Disposition of Assets %



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

Net Sector Exposures %



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

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Tencent Holdings Ltd	China	Comm Services	4.5%
TransUnion	US	Industrials	4.4%
ZTO Express Cayman Inc	China	Industrials	4.1%
Taiwan Semiconductor	Taiwan	Info Technology	4.0%
Samsung Electronics Co Ltd	South Korea	Info Technology	3.7%
Alphabet Inc	US	Comm Services	3.7%
UPM-Kymmene OYJ	Finland	Materials	3.4%
St James Place PLC	UK	Financials	3.4%
DSV A/S	Denmark	Industrials	3.3%
UBS Group AG	Switzerland	Financials	3.2%

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

Given NICE's focus on the complex end of the market, new customers go through a major integration process shifting their systems to a cloud offering. Once complete this can lead to very long customer lifecycles with little churn. This allows NICE to earn circa 20% EBIT margins, well ahead of many other SaaS vendors.

Cloud-based communications software is relatively early in its adoption cycle. Estimates suggest 35% of the industry has made the shift, with the early adopters concentrated in the SME sector, given the easier integration process. However, we are now seeing large enterprises shift from legacy on-premise systems. This could fuel NICE's growth for many years to come.

The other interesting aspect is NICE's ability to sell AI modules. The cost of call centre operations is largely labour (software is <10% of total costs) and staff turnover is high, so AI tools to divert workloads and assist in training create tangible savings for customers. When it comes to new software capability, distribution is often key and NICE is in an excellent position to tailor new AI functionality to call centre applications and sell it to their customer base. The company says there is rapid take-up of new AI modules and we expect this will allow NICE to increase its revenue per user.

Richemont – jewellery to shine?

Another new position initiated over the quarter is the luxury goods maker **Richemont**.

The opportunity in Richemont is a classic one – a high-quality company suppressed by an industry wide downturn. The luxury industry is in recession as the Covid boom has turned to bust. This started with a fall away in the US and European 'aspirational buyer', followed by a 30% fall in Chinese demand.

The appeal of Richemont versus other luxury companies sits in its two jewellery houses, Cartier and Van Cleef & Arpels. There has been a persistent trend towards branded jewellery. The luxury jewellery market was 15% branded in 2007. It sits at 30% today. The category is becoming less reliant on gifting and weddings and increasingly driven by self-purchases. Despite the growth, the luxury jewellery market remains far less crowded than other luxury categories, with Cartier and Van Cleef accounting for 40% of industry sales alone. The other impressive aspect (and a good indicator of the health of the brands) is the performance of Richemont's jewellery houses through the downturn, where sales have continued to grow while most other luxury houses saw declines.

With Richemont trading on 18x (ex cash on balance sheet) and with both recent Swiss watch exports and US/EU credit card data pointing to luxury spend bottoming, adding Richemont to the portfolio made sense on both the short and long-term horizon.

Outlook

US economic data is still benign. Signs of stress amongst low income consumers has not produced any meaningful deterioration in labour markets. Simply put, the US economy continues to chug along in the higher rate environment.

While it is early days, the Chinese property market is now responding to the Government's policy measures. On a national basis, property sales stopped falling in October and were up 4.6% in November with property sales in the largest 21 cities up 20% YoY. If the stabilisation continues, it bodes well for consumer confidence and a broader consumption improvement.

In terms of valuations and sentiment, the US is the standout and investors are jubilant. The Trump administration is being given credit *in advance* for solving geopolitical problems, cutting taxes, reviving US manufacturing and imposing vast tariffs with little internal cost. More sectors have been pulled into the excitement, with a swathe of cyclical industrials whom used to trade on high teen multiples, now trading on high twenties/low thirties valuations.

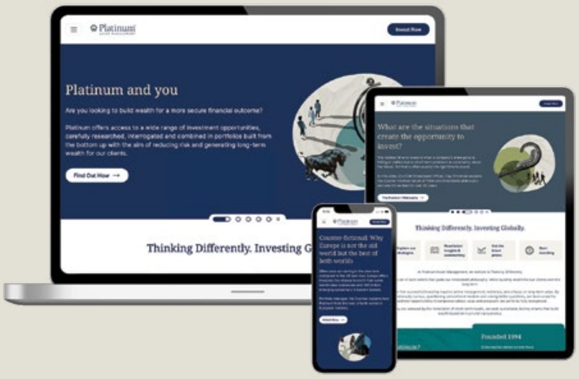
Our goal is to find businesses with modest starting valuations where those valuations have the potential to be higher. We want to see a clear case for how profits will be higher in three years and reasons why investor sentiment around the company can improve. Both NICE and Richemont fit these criteria.

Avoiding the US/technology bandwagon has come at a large opportunity cost over the past two years but we feel now is the time to stay disciplined. In our portfolio we want to be rotating into companies where the extremes are already discounted whilst building positions in companies where earnings can be higher in three-years' time. If we do this, good returns can follow.

Highlights from The Journal

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

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



Like to know what's happening in global sharemarkets and your Platinum funds? Every week or so we add articles or videos to **The Journal** section of our website.

VIDEO

What the factory floor tells us about US markets[1]

As we turn into 2025, all eyes are on Wall Street. But what's happening on the US factory floor? Platinum's Manroop Singh discusses his late 2024 trip to the US.

VIDEO

Asian markets in 2025: headwinds or tailwinds?[2]

In this video, our Asian Strategies Portfolio Manager, Cameron Robertson, talks valuations, Chinese stimulus and Asia in the age of President Trump.

ARTICLE

The US election: landslides and cross-currents[3]

The US election ended with a comprehensive win for Donald Trump and the Republicans. But what does it mean for investors?

ARTICLE

The luxury of long time horizons[4]

Zoe Middleton explains how luxury goods companies defy some of the rules of basic economics and why they think in decades, not quarters.

ARTICLE

"Professionals study logistics" – how one Danish company is moving the world[5]

The world's supply chains are getting more complex. Manroop Singh explains why that's good news for one Platinum stock pick.

ARTICLE

Five great short stories[6]

When to "short" a tech stock? Here's five situations that can improve the odds of success.

1 www.platinum.com.au/the-journal/what-the-factory-floor-tells-us-about-us-markets
2 www.platinum.com.au/the-journal/asian-market-in-2025-headwinds-or-tailwinds
3 www.platinum.com.au/the-journal/the-us-election-landslides-and-cross-currents
4 www.platinum.com.au/the-journal/a-lap-of-luxury
5 www.platinum.com.au/the-journal/'professionals-study-logistics'-how-a-danish-freight-forwarder-is-moving-the-world
6 www.platinum.com.au/the-journal/short-story

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

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

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

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