

# Platinum International Brands Fund



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Portfolio Manager

## Overview

- Fund performance was affected by two key forces over the past quarter. AI stocks lapped up capital and investor dollars and investors were also concerned about weakness in consumer spending.
- The companies and brands in our portfolio continue to deliver excellent operational performance which is not being rewarded on the sharemarket. Whilst this is a short-term negative it means we can build sizeable positions in high quality businesses at low prices. Over the long term, businesses that own brands consumers believe in have proven to be terrific investments.

## Performance

compound p.a.+ to 31 December 2025

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Brands Fund*	-3%	-2%	4%	2%	11%
MSCI AC World Index^	3%	14%	21%	14%	6%

+ 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.

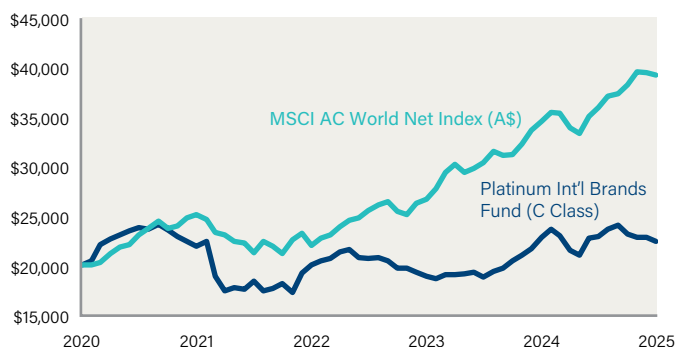
Source: Platinum Investment Management Limited, FactSet Research Systems.

Historical performance is not a reliable indicator of future performance.

See note 1, page 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 Fund returned -3.0% for the quarter ending 31 December 2025, bringing the one-year return to -1.8%. After performing in line with the global equity market for much of the year, the Fund sharply underperformed in September and October before stabilising.

This divergence was driven by two factors:

- 1. The AI concentration:** Market gains were fuelled by the Artificial Intelligence (AI) cycle. The Philadelphia Semiconductor (SOX) Index rose 45% in 2025 – nearly triple the S&P 500's 16%. It was especially strong in September and October. These businesses compete on technical specifications and price rather than brand equity. Our brand-focused mandate means we cannot own them.
- 2. The consumer correction:** In September, the Bureau of Labor Statistics revealed it had overestimated US payrolls by 911,000. This shook confidence in labor market data. This event – and general concerns around consumer confidence – triggered a flight from consumer-facing stocks to the perceived safety of the AI trade.

While the S&P 500 rose 16% in USD terms, the Consumer Discretionary and Staples sectors returned just 5% and 1% respectively. For Australian investors, this was further compounded by an 8% appreciation of the AUD against the Greenback.

## The 'K-shaped' economy

The US consumer is currently bifurcated. Higher-income households benefit from asset price inflation, high real interest rates and tax cuts implemented under the *One Big Beautiful Bill Act*. Conversely, lower-income cohorts face falling real incomes and a disproportionate burden from the cost-of-living impact of Liberation Day tariffs.

Our Platinum International Brands Fund mandate demands higher exposure to consumer spending across all income levels. In late 2025, this created a 'perfect storm'. The sectors outside our remit performed exceptionally well, while our investable universe lagged. However, the underlying reality is that our portfolio companies are high-quality, profitable and growing businesses that largely exceeded market expectations in 2025. Recent share price volatility reflects investor frustration with cautious guidance, rather than failures in execution or brand appeal. We view this as a temporary misalignment between price and value.

## Portfolio detractors

Rather than dwelling on healthy contributors like **Allfunds** (+28% this quarter), **Games Workshop** (+33%) or **Alphabet** (+27%), we will focus on where the market disagrees with us most: **Wolverine Worldwide** and **e.l.f. Beauty**.

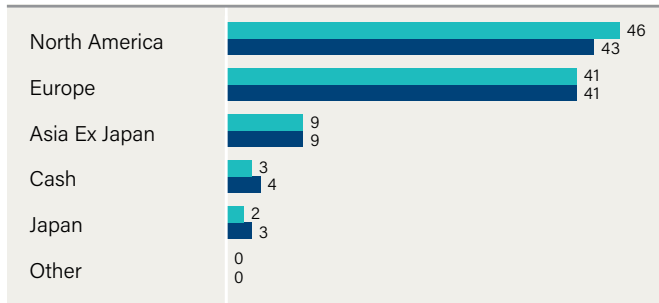
### Wolverine Worldwide

The stock fell 32% this quarter, returning to our initial entry price. Having highlighted its positive contribution last quarter, we must address this reversal.

This business has two key footwear brands, Saucony in running and Merrill in outdoor. Saucony is an extremely strong brand among elite runners. The challenge for the company is translating that brand halo to casual runners and lifestyle consumers. Doing so would allow them to initiate a self-sustaining growth cycle for Saucony and ultimately provide the surplus capital needed to repeat this for the Merrill brand.

Saucony sales grew 27% in the most recent quarter and over 40% the quarter before. An expansion of their retail footprint has helped. Historically they were confined to a narrow group of retailers, mainly specialty running stores. Over the last few quarters their footprint grew rapidly as more generalised retailers stock their products. This demonstrates that their strategy is starting to work and could open a potentially huge growth runway.

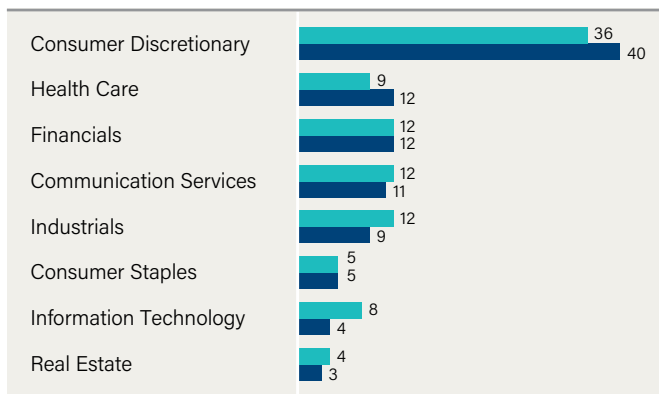
## Disposition of Assets %



■ 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
Industria de Diseno Texti	Spain	Cons Discretionary	4.4%
Galderma Group AG	Switzerland	Health Care	4.3%
Amer Sports Inc	Finland	Cons Discretionary	4.2%
St James's Place PLC	UK	Financials	4.1%
Fair Isaac Corp	US	Info Technology	4.1%
Allfunds Group Plc	UK	Financials	4.0%
Birkenstock Holding Plc	Luxembourg	Cons Discretionary	4.0%
Zoetis Inc	US	Health Care	3.7%
Visa Inc	US	Financials	3.6%
Games Workshop Group	UK	Cons Discretionary	3.5%

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

The recent market concern stems from news that sales at some of these new retail locations are short of expectations. The brand is moving into new locations with new retail partners. Matching product assortment to varying customer demographics and levels of brand awareness is not simple. We view these teething problems as a necessary process of 'test, learn and adapt' by the brand. We note that two-thirds of Saucony's impressive sales growth is generated by higher sales at existing locations, reinforcing the strength and appeal of the brand. At 13x 2025 earnings, the risk-reward calculation is compelling and we have increased our position.

### e.l.f. Beauty

The stock fell 44% this quarter although it remains above its April 2025 lows. This business initially found success as a 'dupe' brand, relying on its fast and flexible supply chain in China to produce near-duplicates of premium cosmetic products at a fraction of the price. More recently they designed and developed their own hit products and have become a powerful brand in their own right. Today, this 'category killer' is the second largest cosmetics brand in the US behind Maybelline. It's growing rapidly and generates returns on capital employed exceeding 40%.

At its core, e.l.f. is a marketing powerhouse that has an exceptional knack for guerilla marketing campaigns. They are especially adept at the use of modern media to engage with young consumers in an authentic way – something most brands desperately want to do but can't.

Far from being tarnished by its roots as a 'cheap knock-off' of premium brands they have cast themselves as a champion of younger consumers. Their brand affinity among Gen-Z consumers is extremely strong. Critically, research shows consumers form brand loyalty in these foundational years and return to these brands even as their incomes grow and tastes change.

So why the sharp share price decline? The market has a multitude of concerns. Firstly, the company sources heavily from China where it has strong manufacturer relationships. Tariffs hurt. Secondly, as a mass brand appealing to young consumers, e.l.f. finds itself on the wrong leg of a K-shaped economy. Despite these short-term, cyclical concerns e.l.f. continues to grow well ahead of the broader cosmetics category.

A more strategic concern relates to the fact that the company has started to buy other brands: Naturium in 2023 and Hailey Bieber's Rhode in 2025. Investors are concerned this indicates a limited ability to grow organically in the US. They're also worried about the company's ability to extract adequate returns from these acquisitions given their lack of acquisition experience.

While e.l.f. is now on-shelf in most major US retailers it has scope to grow shelf space within stores and is steadily expanding outside the US. However, we share the anxiety that e.l.f. may not earn an adequate return on acquisitions as there is little way to know the durability of influencer brands like Rhode, even if Hailey Bieber continues in her role there.

That said, the stock is now trading at 22x earnings, roughly in line with the broader market. We see this as a premier growth asset with very strong brand equity and plenty of scope to grow in the US and overseas and in new categories like skincare. We have added to the position.

## Outlook for 2026

The coming year will test the sustainability of the AI investment surge. While the technical capability is proven, the return on investment for the massive capital expenditure being deployed remains an open question.

Simultaneously, we are monitoring three pivots in the US:

- **Fiscal shifts:** The transitory shock of tariffs may fade just as 2026 tax refunds reach households.
- **Institutional tension:** Presidential pressure for interest rate cuts ahead of the mid-term elections creates a tug-of-war between political and civil institutions.
- **The housing lag:** High real interest rates have left housing as the 'missing piece' of the 2025 rally.

The Platinum International Brands Fund has a different profile than the index. We are less exposed to the AI theme and more exposed to the global consumer. This was a headwind in 2025, but it has allowed us to accumulate stakes in exceptional businesses at attractive valuations.

Our portfolio companies are not managed for the next quarter; they are managed for the next decade. We remain disciplined stewards of your capital and appreciate your long-term support.

## 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. 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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