

# Platinum International Technology Fund



**Jimmy Su**  
Portfolio Manager

## Overview

- Fund performance was broadly flat in the December quarter with the full year return coming in at 13%. Semiconductors names like **TSMC** and **Lam Research** were key contributors this quarter.
- We continue to keep a careful eye on the ever-growing capex spending by consumer internet companies and hyperscalers.
- AI and the corresponding capex build out has the potential to upend existing paradigms in consumer tech and hyperscale and threaten big tech incumbents' market leadership. We continue to reduce portfolio weightings to big tech and reallocate these funds into new opportunities.

### Key portfolio holdings >1%

		GROWTH POTENTIAL		
		LOW POTENTIAL	AVERAGE POTENTIAL	HIGH POTENTIAL
BUSINESS QUALITY	BEST IN CLASS	-	Microsoft, Mastercard, ASML, FICO, KLAC	Nvidia, Broadcom, Intuitive Surgical, SAP
	ABOVE AVERAGE	Motorola Solutions	TSMC, Lam Research, Aixtron, Boston Scientific, Exosense	Amazon, Modine, Siemens Energy, GE Vernova, AMD, Arista, Uber, Coupang, Vertiv, Shopify, Veeva, Rheinmetall
	AVERAGE	-	-	-
	BELOW AVERAGE	-	-	-

Source: Platinum

### Portfolio exposure - holdings >1%

		GROWTH POTENTIAL		
		LOW POTENTIAL	AVERAGE POTENTIAL	HIGH POTENTIAL
BUSINESS QUALITY	BEST IN CLASS	0%	17%	23%
	ABOVE AVERAGE	0%	14%	34%
	AVERAGE	-	-	-
	BELOW AVERAGE	-	-	-

Source: Platinum

## Performance

compound p.a.+ , to 31 December 2025

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Tech Fund*	0%	13%	22%	11%	10%
MSCI AC World IT Index^	2%	17%	37%	21%	7%

+ 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.

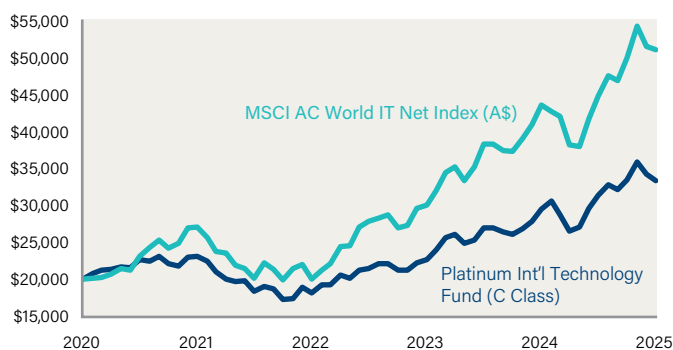
Source: Platinum Investment Management Limited, FactSet Research Systems.

Historical performance is not a reliable indicator of future performance.

See note 1, page 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 was down ~0.3% for the quarter and up 13% in 2025. Key contributors for the quarter included semi supply chain names like **TSMC** (+17%) and **Lam Research** (+20%). This reflects expectations new capacity will be needed in 2026 to support growth in AI compute. **Intuitive Surgical** rebounded (up 29%) after delivering much better-than-expected Q3 25 results.

Detractors were mostly affected by stock specific issues. **Veeva** declined ~25% despite delivering good results and strong guidance as management disclosed that 14 of the top 20 customers will transition to the new CRM platform (vs. 16 expected). The revenue impact will be small and more than offset by new module expansions and growth in the R&D segment. **Coupage** was down 25% after a data breach. In a subsequent SEC filing, Coupage said the perpetrator accessed 33 million accounts but only retained user data from around 3,000 and no data was sold or transferred. **Netflix** was down 20% over the quarter after a bidding war with Paramount to acquire Warner Discovery's studio and streaming businesses.

## December quarter portfolio changes

We initiated a 4% position in **Siemens Energy** and 3% in **GE Vernova**. Both sit in an oligopoly supplying combined-cycle gas turbines to utilities and data centres. With US power shortages and rising electricity prices, we expect both to add capacity, driving volumes and margins above consensus.

- We bought a 4% position in **Modine Manufacturing** which sells high-performance chillers and cooling solutions for datacentres. We expect revenue growth to accelerate in the second half of the year and beyond as new capacity ramps.
- We exited **TE Connectivity** and **Amphenol** and trimmed **Broadcom**, **Nvidia**, and **Vertiv** to fund these new positions.
- The early December sell-off in European defence gave us an opportunity to buy a ~2% position in **Rheinmetall** and add to our small position in **Exosense**. We funded these investments by trimming **Amazon**, **Uber** and **FICO** and exiting **Netflix**.

## Commentary – looming AI questions for big tech

Our attention over the last twelve months has been on the ever-increasing capital big tech was investing into datacentres for generative AI applications. As the industry evolves and the AI disruption narrative broadens, we are increasingly mindful of the effects on consumer internet companies and hyperscalers. Below we outline our view and how we are positioning the portfolio.

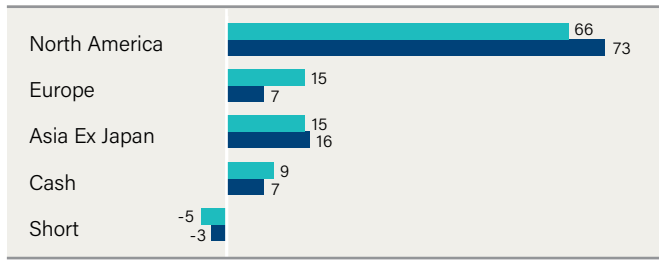
## Consumer internet: attention is all you need

Over the last decade, dominant consumer tech businesses captured super-normal profits through [demand side aggregation](#).

- Alphabet and Meta aggregated users' attention and sold it to the highest paying advertiser.
- Amazon aggregated users' demand for household goods and extracted higher take rates from merchants
- Uber aggregated and matched demand and supply for mobility and takeaways and extracted higher profits from the networks.
- Apple iOS and Android aggregated smartphone users and monetised the ecosystem, becoming 'toll roads' to apps and services.

As we wrote [last quarter](#), OpenAI's rapid growth is shifting attention away from Google Search, Facebook and Instagram and so is a threat to the paradigm. The next competitive phase is 'agentic commerce', where AI agents find and recommend products/services on behalf of users in exchange for a small fee, thus cannibalising Alphabet's and Meta's advertising

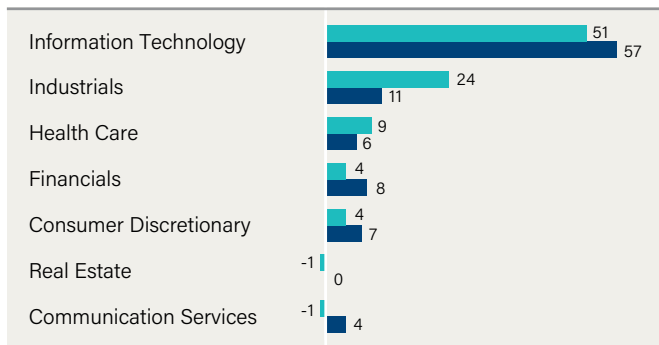
## Disposition of Assets %



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
NVIDIA Corp	US	Info Technology	7.0%
Broadcom Inc	US	Info Technology	6.7%
Taiwan Semiconductor	Taiwan	Info Technology	6.5%
Microsoft Corp	US	Info Technology	5.7%
Siemens Energy AG	Germany	Industrials	4.3%
Mastercard Inc	US	Financials	4.2%
SAP AG	Germany	Info Technology	4.1%
Amazon.com Inc	US	Cons Discretionary	3.9%
ASML Holding NV	Taiwan	Info Technology	3.9%
Intuitive Surgical Inc	US	Health Care	3.8%

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

revenues. Both will need to train bigger AI models to compete with OpenAI to be the default AI service for consumers.

The implications for Amazon and Uber and their ability to continue generating super-normal profits are less clear. In the short term, agentic commerce will likely be a new marketing channel and help them take share from slower moving competitors. Conversely AI agents could eat into the advertising revenue which drives much of their future earnings growth. Over the medium term, as AI agents assume more decision making, these platforms risk becoming abstracted and commoditised. If an AI agent knows to order toilet paper every two weeks, would the user really care if it's from Amazon or Walmart? This [tech preview](#) of ByteDance's Duobao AI offers a glimpse of this new reality.

That preview reinforced our [view](#) that Apple risks losing their market power if they don't establish a credible AI offering. In the short term, AI agent integration enables apps and services to effectively bypass the iOS 'toll road'. Over the medium term, AI agents may become the enabling technology and operating system for the next generation of hardware (e.g. Orion, Meta's augmented reality glasses). Without a competitive AI offering, iOS risks obsolescence and Apple risks becoming a hardware OEM<sup>1</sup>, earning Dell-like margins and return on capital. We therefore expect Apple to enter the AI arms race.

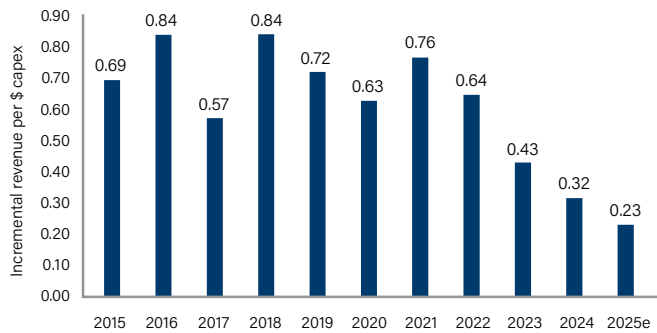
## Hyperscalers: balance sheet-as-a-service

The fastest growing segment in tech hardware over the past decade was the cloud. Amazon Web Services, Microsoft Azure and Google Cloud built large datacentre footprints and rented capacity to enterprises and start-ups to run their workloads. Customers preferred deploying on the cloud vs. deploying on-premise servers due to lower cost of ownership, capacity flexibility and better network security and resilience. These 'hyperscalers' generated high margins and return on capital due to successful cross selling of high margin applications, an oligopolistic market structure and their ability to use their scale to gain immense bargaining power over a fragmented supplier base.

Faced with slowing growth in legacy workloads, the hyperscalers are competing aggressively to deploy their balance sheets and build massive AI datacentres to serve customers like OpenAI and Anthropic. Whilst the revenue opportunity may be large, our research indicates AI workloads are much lower margin and generate lower return on invested capital (ROIC) as Nvidia extracts most of the economic gains and there is intense competition with the other hyperscalers and the neo clouds all fighting over a small group of customers. AWS' declining incremental revenue per dollar of capex over the last two years (see Figure 1) illustrates this point and our work on Oracle and Coreweave also supports this view.

<sup>1</sup> An Original Equipment Manufacturer – a company that makes parts or components used in another company's product.

Figure 1: AWS incremental revenue per \$ capex



Source: Amazon 10K, Factset

### Portfolio positioning and the year ahead

Over the past year we exited Alphabet and Meta on concerns that earnings growth will slow due to increased AI datacentre investments. We exited **Oracle** in December 2024 as management is all in on competing with hyperscalers to build AI datacentre capacity for OpenAI.

We continue to hold a ~5.5% position in **Microsoft**, ~4% in Amazon and ~2% in Uber. We plan on retaining these near term as we think the upside from short term catalysts outweighs the medium-term risks. As with Alphabet and Meta last quarter, we plan to trim or exit once these catalysts play out and valuations become full.

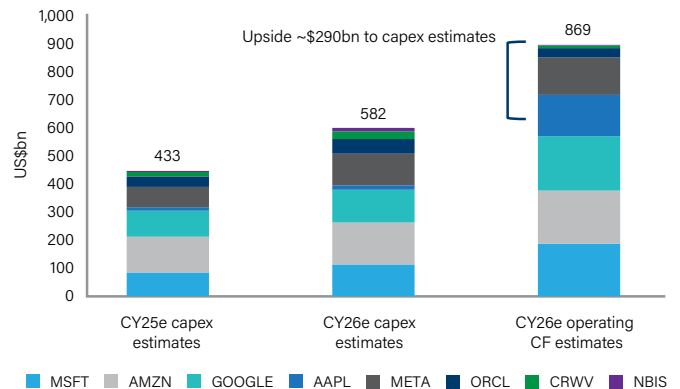
Around a third of the Fund is invested in companies benefiting from the AI datacentre build out (e.g. Nvidia and Vertiv). The industry remains in an arms race to secure more capacity to train increasingly larger models funded by big tech's balance sheets, its free cashflow and by investors enthusiastic about AI's disruptive potential (See Figures 2 and 3). Lower interest rates, debt financing and AI's emerging role in US-China strategic competition could prolong this cycle.

As such, we think consensus for big tech's capex growth of ~35% year-on-year (YoY) is too conservative. Our view is consistent with estimates for TSMC AI wafers revenue growing ~60% YoY and advanced packaging capacity growing ~70% YoY. As a reminder, TSMC is a key bottleneck in the AI value chain as they are the only company who can make leading edge AI chips at scale.<sup>2</sup>

We are slowly shifting the portfolio into other industries where we can find high quality businesses with high growth potential trading at fair to cheap valuations. Around nine percent of the Fund is in MedTech companies such as Intuitive Surgical and **Boston Scientific** who continue to bring to market new treatments which improve standard of care, widen technology moats and save healthcare systems money.

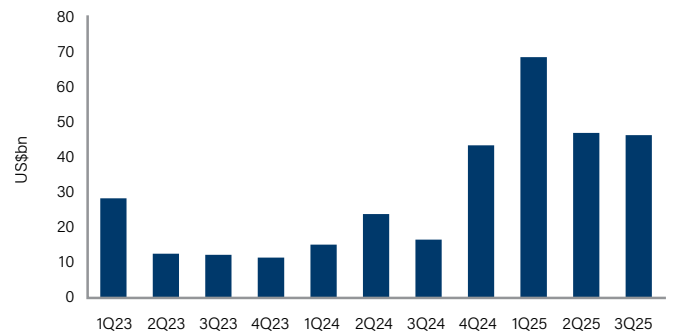
<sup>2</sup> For more on TSMC see our feature article

Figure 2: Big tech FY26e capex vs. operating cashflow



Source: Factset

Figure 3: Private Funding into AI start ups

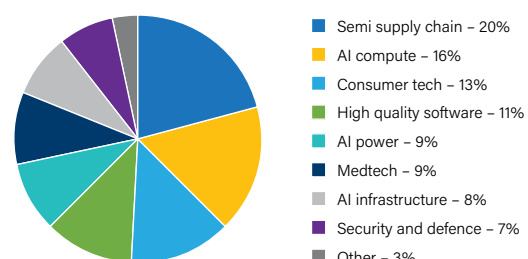


Source: CB Insights

Five percent of the Fund is invested in defence companies such as Rheinmetall and Exosense. We are beginning a decade long capex cycle driven by multi-polar geopolitics, the emerging need to integrate disparate hardware systems and the growth of AI applications in unmanned system platforms.

Finally, we continue to turn over rocks in new areas. We plan to spend more time in 2026 on Chinese tech companies that are either global leaders or are gaining share against Western incumbents by offering market competitive solutions at lower prices. We also plan to revisit content businesses. As the world drowns in mediocre AI-generated text, music and videos, high quality content and real-world experiences may become increasingly valuable. We look forward to updating you on our progress.

Figure 4: Portfolio composition by industry groups



Source: Platinum

## 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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