



Platinum Capital[®] Limited

ABN 51 063 975 431

Quarterly Investment
Manager's Report

31 March 2025



Platinum[®]
CAPITAL LIMITED

Investment Update

Platinum Capital Limited (ASX Code: PMC)



Ted Alexander
Portfolio Manager

Overview

- The portfolio held an overweight position in China, Europe and the UK from January to March and a more defensive position as the broader market fell in March. This helped protect investors' capital. We have maintained our overweight position in Chinese stocks.
- Crowding into more risky businesses over the past few years (especially in technology) means you can now reasonably expect a higher future return from quality stocks than more speculative businesses. We are finding companies from lower volatility sectors such as medicines, food and household goods that are attractive investment propositions.

Performance

compound p.a.*, to 31 March 2025

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Capital Limited	1.0%	1.7%	6.6%	7.3%	10.7%
MSCI AC World Index [^]	-2.0%	12.2%	13.8%	14.8%	8.1%

PMC's returns are calculated using PMC's pre-tax net tangible asset (NTA) backing per share as released to the ASX monthly. PMC's returns are calculated after the deduction of fees and expenses, have been adjusted for taxes paid and any capital flows, and assume the reinvestment of dividends. **PMC's returns are not calculated using PMC's share price.**

Portfolio inception date: 29 June 1994.

* Excluding quarterly returns.

[^] 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 PMC's returns; FactSet Research Systems for MSCI Index returns. See note 1, page 7.

Net Tangible Assets

The following net tangible asset backing per share (NTA) figures of Platinum Capital Limited (PMC) are, respectively, before and after provision for tax on both realised and unrealised income and capital gains.

	PRE-TAX NTA	POST-TAX NTA
31 December 2024	\$1.5363	\$1.5080
31 January 2025	\$1.5472	\$1.5161
28 February 2025*	\$1.5758	\$1.5315
31 March 2025	\$1.5182	\$1.4826

* Ex-dividend. Adjusted for the 30 December 2024 Interim dividend of 3 cents per share, declared on 27 February 2025 and paid on 21 March 2025. Source: Platinum Investment Management Limited.

The portfolio had a solid start to 2025, helping protect investor capital in volatile markets.

Global stock markets rose moderately through the first six weeks of the year, but reversed sharply in March on tariff concerns to end the quarter down. Over the quarter the portfolio rose +1.0% while the benchmark was down 2%.

The portfolio was overweight Europe and the UK, which was a positive from January through to March. We were also overweight China, which heavily outperformed in February and early March. We then added to our downside defence as the broader market fell in March. These three factors drove the portfolio's outperformance for the quarter.

Having been appointed Portfolio Manager of the portfolio starting 3 March much of the portfolio's outperformance for the quarter is down to the outgoing Managers, Andrew Clifford and Clay Smolinski. Andrew remains part of the team and we have had fruitful meetings on markets.

The Platinum philosophy is ideally suited to investing in times of uncertainty, like those we are seeing currently.

We aim for ongoing enhancement of the investment process, while continuing the focus on fundamental active management and downside protection that has driven Platinum's long-term success for its investors.

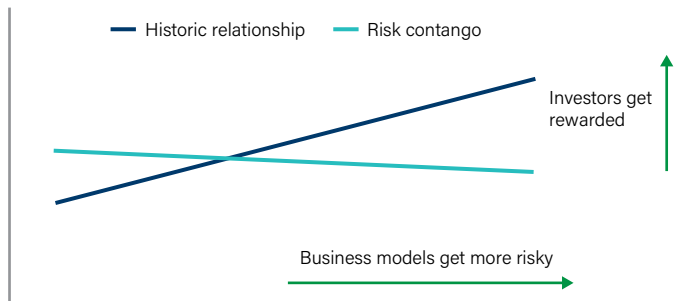
There has been an uptick in stock market volatility due to uncertainty about US tariffs, which is unfolding as we write. We have been positioning the portfolio to protect the portfolio if this pressure persists.

Commentary – of rotations and contangos

Over the past few years there was no shortage of US retail investors willing to take a punt on risky technology business models. This drove up their prices and many investors did very well from the Magnificent Seven technology stocks and from other technology names. Crucially, those price rises ate away at potential future rewards.

At the other end of the spectrum, stable, high-quality businesses with a lower likelihood of losing money were unloved.

This led to a form of "risk contango" – you could reasonably expect a higher future return from safer bets on quality stocks than on speculative, risky businesses. The opposite is normally the case – you trade higher risk for higher return.

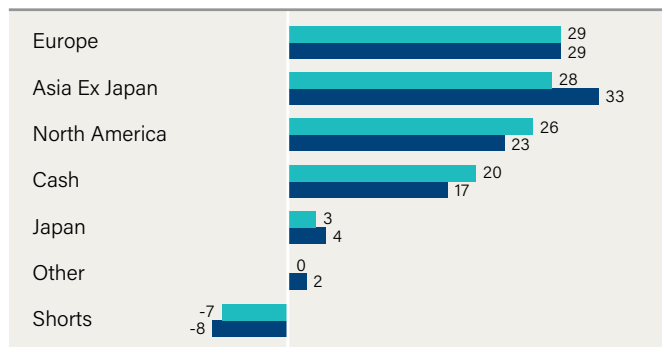


Risk contango: as investors crowded into riskier businesses, the potential reward was squeezed by higher valuations. This creates an opportunity in less volatile businesses, such as medicines, food and household goods.

A portfolio like Platinum Capital can invest in more volatile businesses in return for high potential profits – if the valuation is right. In current markets, however, riskier businesses don't appear to offer enough profits to the stock investor and we feel that better profits can be made in safer companies. This has resulted in a portfolio rotation towards more defensive names, such as pharmaceutical and consumer staples businesses.

We are not philosophically shifting the portfolio into defensive stocks, as much as responding to market opportunities at this time. Our aspiration is to make money for clients where the market presents these opportunities and then seek to protect profits in market downturns. In our view playing the 'risk contango' opportunity illustrated in the chart above serves both purposes.

Disposition of Assets %



31 MAR 2025 31 DEC 2024

See note 2, page 7. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

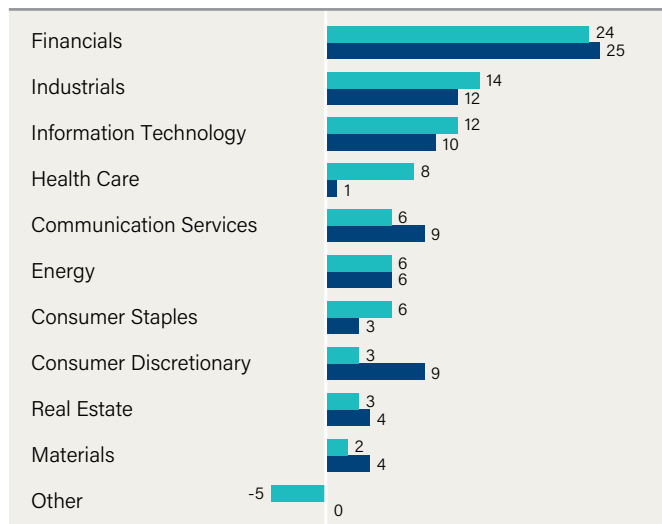
Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Alphabet Inc	US	Comm Services	3.9%
Taiwan Semiconductor	Taiwan	Info Technology	3.8%
Allfunds Group Plc	UK	Financials	3.7%
JD.com Inc	China	Cons Discretionary	3.4%
ZTO Express Cayman Inc	China	Industrials	3.3%
TransUnion	US	Industrials	3.3%
St James's Place PLC	UK	Financials	3.2%
UBS Group AG	Switzerland	Financials	3.1%
Beazley PLC	UK	Financials	3.0%
Ping An Insurance Group	China	Financials	2.5%

As at 31 March 2025. See note 4, page 7.

Source: Platinum Investment Management Limited.

Net Sector Exposures %



31 MAR 2025 31 DEC 2024

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

Defensives with potential

Let's look in more depth at the pharmaceutical manufacturers we discussed above.

The economic demand for medicines holds up well if we do see a recession, and we would expect these stocks to protect capital in a downturn. This makes them defensives, but at the same time there's high potential profits to be made because of their depressed share prices.

Some of the pharmaceutical manufacturers we have taken a position in include:

- **AbbVie.** A Chicago-headquartered pharmaceutical company whose focus areas include immunology, oncology, neuroscience, eye care, virology, and gastroenterology. AbbVie makes Botox, which earned the company over \$1.5 billion in the fourth quarter of 2024.
- **AstraZeneca.** A large diversified pharma company based in the UK that spends 20% of total revenue on R&D and currently has a deep pipeline of drugs under trial.
- **Merck.** A US pharmaceutical and animal health firm. It developed the largest drug in the world by sales, cancer drug Keytruda.
- **Novartis.** Novartis is a Swiss pharma company that focuses on cardiovascular, immunology, neuroscience and oncology. In 2024 it grew core income by over 20% and expects high single to low double-digit sales growth in 2025.

Portfolio shifts

Good returns from some of our Chinese holdings saw us take some profits, but we retain a strong overweight to China on the basis of its continued economic recovery. We also took profit on some strong performing stocks within the portfolio and brought in some new businesses in their place.

As part of our portfolio review we are looking to move to a higher conviction stance and therefore to hold at least 2% in any single stock position. As a result we have reviewed all smaller stock positions and made orders to either buy up to 2% or sell out.

We took profits on some shorts, such as Tesla, but maintained our total short exposure. Due to the process of rotating a sizeable portfolio, we ended the quarter with higher cash than our target, but this will be reinvested in coming weeks. We haven't rushed the process of rotating the portfolio, and we expect to be complete by the end of April.

Outlook

Shortly after the end of the quarter, President Trump announced a new tariff regime that sent the market down 10% over a matter of days. As we write this, there is no longer-term clarity on tariff policy, but this clearly has not been taken well by markets.

The portfolio was well positioned for a US shock, but we are more exposed to Europe and China and so are monitoring the contagion into those regions. Assuming a higher tariff regime persists between the US and the world, our base case is a weaker US economy and an inflation shock. For the rest of the world, the inflation shock should be muted, but there will still be a negative economic shock from less US demand. There could be an offset from US tax cuts, but that is not yet clear.

Highlights from The Journal

Visit www.platinum.com.au/lics/pmc to find a repository of information about Platinum Capital Limited (PMC) including:

- Performance and NTA history
- Dividend history and the Dividend Reinvestment Plan
- ASX releases and financial statements
- Monthly updates on performance, portfolio positioning and top 10 holdings.

The **Journal** section of the Platinum website features articles and videos that help explain recent market moves, explore investing ideas and keep you up to date with our Funds. Here's some recent highlights.

ARTICLE

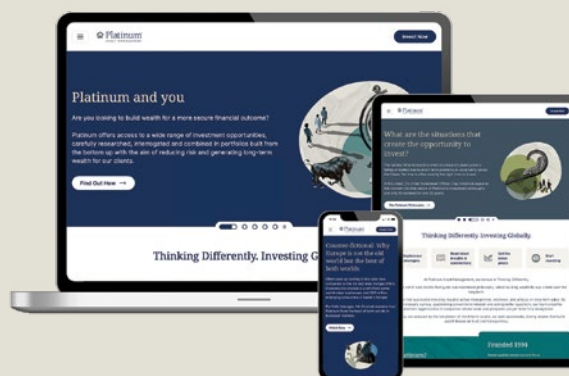
Market Update: the great rotation begins?¹

Platinum looks at why global equity investors were moving away from the Magnificent Seven – and US equity markets – even before President Trump's great tariff experiment.

ARTICLE

Europe 2025: don't waste a crisis²

The US/Europe alliance is being reshaped by a US administration that's pushing both tariffs and more defence responsibility on the Europeans. Could that be good news for Europe – and investors?



ARTICLE

Some Emerging Markets are more equal than others³

Australian investors often overload on their home market champions – banks and miners. That's why exposure to the more diverse industries in Emerging Markets can be a good strategy. But is there a more efficient way to capture the benefits of Emerging Markets?

VIDEO

Hiking margins⁴

Nik Dvornak talks us through the Amer Sports story and explains how the company prospers by selling sports clothing at luxury goods margins.

ARTICLE

SaaS stocks: who dares to win?⁵

Software as a Service has transformed the software sector. But what makes a SaaS company a winner?

¹ www.platinum.com.au/the-journal/market-update-the-great-rotation-begins

² www.platinum.com.au/the-journal/europe-2025-don%E2%80%99t-waste-a-crisis

³ www.platinum.com.au/the-journal/some-emerging-markets-are-more-equal-than-others

⁴ www.platinum.com.au/the-journal/hiking-margins

⁵ www.platinum.com.au/the-journal/saaswatch

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). "PMC" refers to Platinum Capital Limited (ABN 51 063 975 431) (ASX code: PMC)

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. PMC's returns are calculated by Platinum using PMC's pre-tax net tangible asset (NTA) backing per share (as released to the ASX monthly). PMC's returns are calculated after the deduction of fees and expenses, have been adjusted for taxes paid and any capital flows, and assume the reinvestment of dividends. PMC's returns have not been calculated using PMC's share price.
2. 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, PMC'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 PMC's underlying assets and other risk factors associated with investing, investment returns can be negative, particularly in the short term.
3. The geographic disposition of assets (i.e. other than "cash" and "shorts") shows PMC'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 PMC'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 long derivative transactions.
4. The table shows PMC'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 PMC's top ten positions as a percentage of its portfolio market value taking into account its long securities positions and long securities derivative positions.

Disclaimers: This publication has been prepared by Platinum Investment Management Limited ABN 25 063 565 006 AFSL 221935, trading as Platinum Asset Management (Platinum®). Platinum is the investment manager of PMC. This publication contains general information only and is not intended to provide any person with financial advice. It does not take into account any person's (or class of persons') investment objectives, financial situation or needs, and should not be used as the basis for making investment, financial or other decisions. You should obtain professional advice before making an investment decision to invest in (or divest from) PMC.

Neither PMC nor any company in the Platinum Group®, including any of their directors, officers or employees (collectively, "Platinum Persons"), guarantee the performance of PMC, the repayment of capital, or the payment of income. The Platinum Group means Platinum Asset Management Limited ABN 13 050 064 287 and all of its subsidiaries and associated entities (including Platinum). To the extent permitted by law, no liability is accepted by any Platinum Person for any loss or damage as a result of any reliance on this information. This publication reflects Platinum's views and beliefs at the time of preparation, which are subject to change without notice. No representations or warranties are made by any Platinum Person as to their accuracy or reliability. This publication may contain forward-looking statements regarding Platinum's intent, beliefs or current expectations with respect to market conditions. Readers are cautioned not to place undue reliance on these forward-looking statements. No Platinum Person undertakes any obligation to revise any such forward-looking statements to reflect events and circumstances after the date hereof.

© Platinum Investment Management Limited 2025. All rights reserved.

MSCI Disclaimer: The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. (www.msci.com).



Level 8, 7 Macquarie Place
Sydney NSW 2000

GPO Box 2724
Sydney NSW 2001

Telephone

1300 726 700 or +61 2 9255 7500
0800 700 726 (New Zealand only)

Facsimile

+61 2 9254 5555

Email

invest@platinum.com.au

Website

www.platinumcapital.com.au