MLC-Platinum Global Fund

QUARTERLY INVESTMENT MANAGER'S REPORT

Performance

Fund Size: $610.2m	Last quarter	Last 12 months	5 years (compound pa)	Since inception (compound pa)
MLC-Platinum Global Fund	1.0%	11.7%	7.9%	10.1%
MSCI All Country World Net Index (A$)	5.0%	21.4%	12.4%	7.6%

Fund returns are after fees and expenses and assume the reinvestment of distributions. Portfolio inception date: 30 June 1994.
Source: MLC Investments Limited and Platinum Investment Management Limited for Fund returns, and FactSet Research Systems for MSCI index returns.
Past performance is not indicative of future performance. The value of an investment may rise or fall with changes in the market.

The return of the Fund over the quarter was 1%, and over the calendar year the Fund's value rose nearly 12%.

The strongest contributors to performance were varied in terms of industries, with the most notable contributors including Chinese ecommerce platform **PDD** (+45%), **Raiffeisen Bank** (+40%) and our emerging market low-cost airlines **Interglobe** (+24%) and **Wizz Air** (+15%).

There was also broad strength across a number of our semiconductor names: **Micron** (+25%), **Infineon** (+20%) and **Samsung Electronics** (+14%).

After a difficult couple of years, semiconductor company shares are turning up on recovering demand for core chips for PCs and mobile phones but also on the increased demand for the high-end chips required for AI-focused technologies.

A Chinese e-commerce success story

While PDD's Chinese business continues to grow strongly (revenue grew 94% in the last quarter), its strong price performance was driven by evidence its international expansion strategy (via its Temu brand) is succeeding.

From a standing start last year, Temu generated roughly 19bn RMB of revenue last quarter and is likely to do well over 130bn RMB of revenue in 2024. This is very impressive given the revenue base of PDD's entire business was 130bn RMB in 2022. Importantly PDD is achieving this growth while also growing profits, with the company posting a 60% increase in Earnings Before Interest and Tax last quarter.

In terms of detractors, the most notable holdings were financial advice firm **St James Place** (-18%) and Chinese express parcel giant **ZTO Express** (-12%). The common thread to these falls was around pricing. St James's share price fell after they lowered the pricing schedule for their advice services. Meanwhile ZTO came under pressure after comments that their weaker competitors had begun to irrationally lower parcel prices in a bid to win market share.

Against a backdrop of rising markets our short positions detracted from aggregate gains. The majority of this impact was felt in the 4th quarter, with the shorts costing 1%. The return from shorts for the full year was -1.5%.

Commentary

Over the quarter we increased our exposure to the global beverage sector by taking positions in the beer giant **Heineken**.

Heineken is the world's second largest brewer, with the highest share of 'premium' beer volume (at 40%) and a regional exposure of 50/50 in emerging/developed markets.

While this regional/premium exposure has allowed Heineken to grow faster than peers, the major shortcoming of Heineken is its profitability. It is considerably less profitable than the likes of AB InBev and Carlsberg.

The controlling Heineken family has charged the (relatively) new CEO Dolf van den Brink with the task of addressing this difference. Some of their strategic moves include reducing their brand count and directing more ad spend towards their true focus brands. They'll also seek to consolidate the number of breweries they operate, particularly in Europe where some sites are underutilised from a capacity standpoint.

From a cyclical point of view, beer-makers look interesting. Covid was a net negative for the brewers, given the closing of bars and clubs and prohibitions on outdoor events. Beer companies also suffered from a considerable rise in the prices of barley, aluminium, glass and energy. As these input costs start to fall, Heineken's profitability will be boosted.

During the quarter we also started a position in global aluminium can manufacturer **Ball Corp** and fast growing sports fashion retailer **JD sports**. We used the October sell-off to increase our positions in **TransUnion**, **Baxter**, **Wizz Air** and **Sands China**.

To partly fund these positions, we exited our holdings in US building materials player **Carlisle**, auto semiconductor manufacturer **NXP Semi** and luxury furniture retailer **RH**. We also trimmed our holdings in **Microchip**, **Interglobe** and paper/pulp producers **UPM** and **Suzano**.

Outlook

When thinking about the market's outlook we seek to understand the general macro investment environment, the state of investor sentiment and the scope of opportunities on offer.

On macro, through 2023 we were concerned about the effect tighter financial conditions (in the form of higher rates, and tighter lending standards) would have on economic activity, company earnings and stock prices.

To date this concern has not played out and our more cautious positioning has dampened returns. The Western economies – and particularly the US – have proven far more resilient to higher rates than expected (i.e. rates at current levels are less restrictive than thought). Right now, the leading indicators around employment and wages do not paint a picture of recession. Hence the best way to describe the current economic picture is neutral.

The aspect that *has* changed is market sentiment. For most of 2023 many investors shared our concerns. Today the consensus is very much moving towards the positive camp, with the view that rates will fall alongside falling inflation and that this will extend the positive economic cycle. This exuberance adds risk and any evidence that runs contra to this thesis would likely bring a fair amount of downside action in markets.

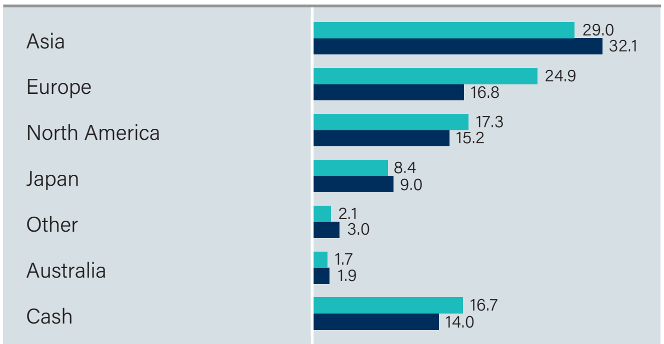
Finally, on the opportunities, many of the sectors that drove the markets' rise this year are back to full valuations, however there are also several sectors that have materially de-rated. In essence we are looking for businesses with three aspects:

- Modest starting valuation multiples that have the potential to be higher in the future.
- Specific or structural reasons why the business will have higher profits in three years.
- Evidence that the company is mispriced, and clear reasons why investor sentiment around that company can improve in the future.

On these metrics we are continuing to find opportunities. Some of the company examples we have talked about in our past few quarterlies certainly meet these criteria:

- UBS (banking and funds management)
- TransUnion (data)
- AGL (energy)
- Allfunds (funds management).

Disposition of Assets (Net Invested Positions) %^



31 DEC 2023 30 SEP 2023

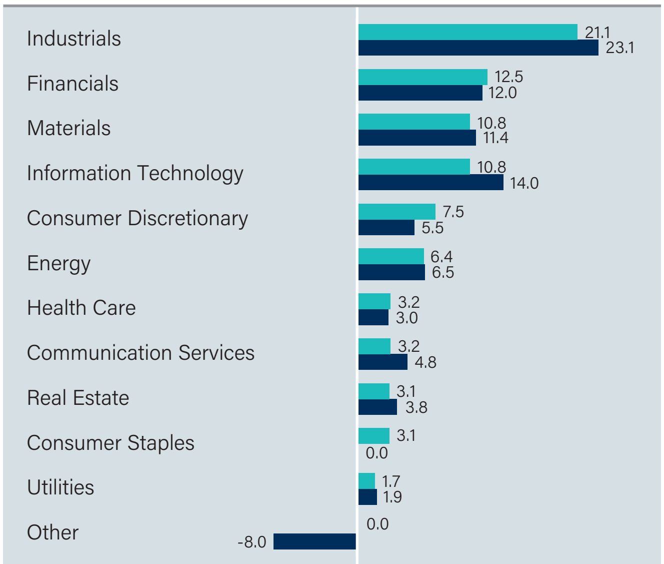
^ The geographic disposition of assets (i.e. other than "cash") shows the Fund's exposures to the relevant countries/regions through its long securities positions and long securities/index derivative positions, as a percentage of its portfolio market value.
Source: Platinum Investment Management Limited.

Top 10 Holdings^

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Samsung Electronics Co Ltd	South Korea	Info Technology	4.9%
Itochu Corp	Japan	Industrials	3.5%
UBS Group AG	Switzerland	Financials	3.3%
UPM-Kymmene OYJ	Finland	Materials	3.1%
Allfunds Group Plc	UK	Financials	2.8%
Trip.com Group Ltd	China	Cons Discretionary	2.7%
Wizz Air Holdings Plc	Italy	Industrials	2.6%
ZTO Express Cayman Inc	China	Industrials	2.6%
Weichai Power Co Ltd	China	Industrials	2.6%
Minebea Co Ltd	Japan	Industrials	2.4%

^ As at 31 December 2023. 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. Numerical figures are subject to rounding adjustments.
Source: Platinum Investment Management Limited.

Net Sector Exposures %^



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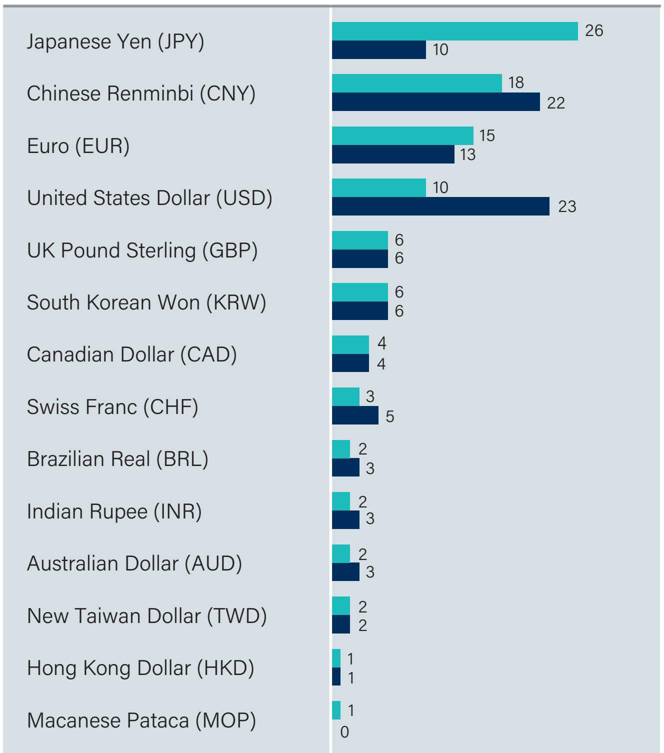
^ The table shows the Fund's net exposures to the relevant sectors through its long securities positions and long securities/index derivative positions, as a percentage of its portfolio market value. Index positions (whether through ETFs or derivatives) are only included under the relevant sector if they are sector specific, otherwise they are included under "Other". Numerical figures are subject to rounding adjustments.
Source: Platinum Investment Management Limited.

Net Currency Exposures^



31 DEC 2023 30 SEP 2023

^ The table shows the Fund's net exposures to the relevant currencies through its long securities positions, cash at bank, cash payables and receivables, currency forwards and long securities/index derivative positions, as a percentage of its portfolio market value.
Source: Platinum Investment Management Limited.

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