



Platinum Global Fund®

ARSN 600 630 537

Quarterly Investment Manager's Report

31 December 2023



Platinum®
GLOBAL FUND



Platinum®
ASSET MANAGEMENT

Investment Update

Platinum Global Fund



Clay Smolinski
Portfolio Manager

Overview

- The breadth of the portfolio was a strength this quarter with the Fund's top performers coming from a range of industries and locations. These include a Chinese e-commerce platform, an Austrian Bank and low-cost airlines from India and Hungary. Fund investors also benefited from a recovery in our semiconductor names.
- In 2023 global economies rumbled on without being unduly disconcerted by rising rates and tighter lending standards. Sharemarket returns were therefore stronger than we expected and our cautious approach cost us performance. We believe the exuberance evident at the end of December might expose the market to added risk as the new year unfolds.
- We invested more capital in European beverage giant **Heineken**. Our investment case rests on the strength of its brands, its exposure to fast-growing emerging markets and the potential for operational improvement in the business.

Performance

compound p.a., to 31 December 2023

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Global Fund*	3.1%	14.0%	7.0%	9.2%	8.8%
MSCI AC World Index^	5.0%	21.4%	10.2%	12.4%	11.4%

* Excluding quarterly returns. Fund returns are after fees and costs, before tax, and assuming reinvestment of distributions.

Inception date: 8 September 2014.

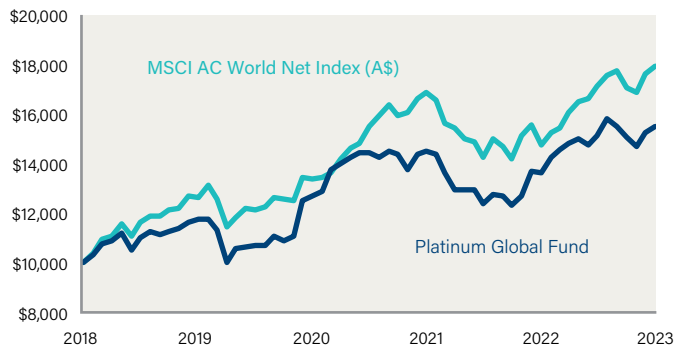
^ Index returns are those of the MSCI All Country World Net Index in AUD.

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 \$20,000 invested over five years

31 December 2018 to 31 December 2023



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.

The return of the Fund over the quarter was 3%, and over the calendar year the Fund's value rose 14%.

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.

Commentary

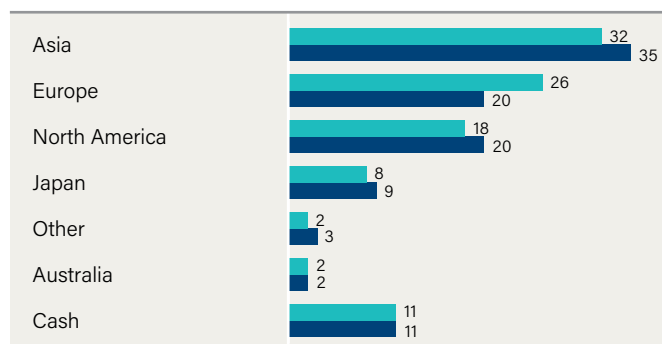
Over the quarter we increased our exposure to the global beverage sector by taking positions in the beer giant **Heineken**.

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.

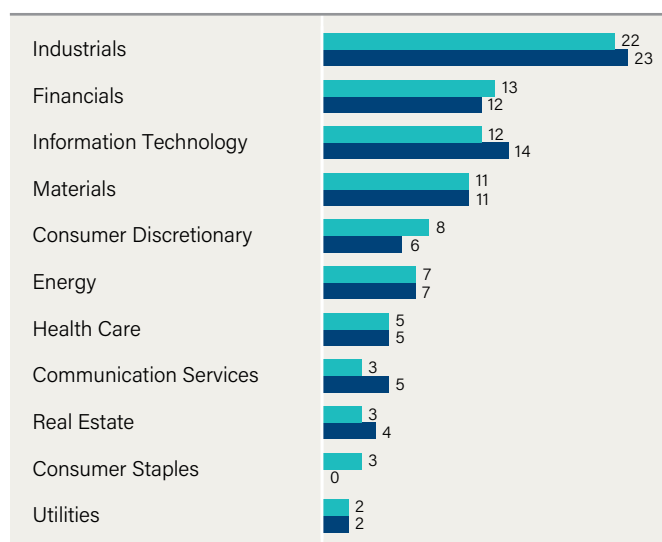
Disposition of Assets %



■ 31 DEC 2023 ■ 30 SEP 2023

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

Net Sector Exposures %



■ 31 DEC 2023 ■ 30 SEP 2023

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

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Samsung Electronics Co Ltd	South Korea	Info Technology	5.4%
Itochu Corp	Japan	Industrials	3.5%
UBS Group AG	Switzerland	Financials	3.4%
UPM-Kymmene OYJ	Finland	Materials	3.1%
Allfunds Group Plc	UK	Financials	3.0%
Wizz Air Holdings Plc	Italy	Industrials	2.9%
Trip.com Group Ltd	China	Cons Discretionary	2.9%
ZTO Express Cayman Inc	China	Industrials	2.8%
AK Medical Holdings Ltd	China	Health Care	2.8%
Minebea Co Ltd	Japan	Industrials	2.5%

As at 31 December 2023. See note 5, page 7.
Source: Platinum Investment Management Limited.

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).

Highlights from The Journal

Visit www.platinum.com.au/our-products/platinum-global-fund 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.

You can find a range of thought-provoking articles and videos on our website in **The Journal** under **Insights & Tools**.

ARTICLE

Why investing in the energy transition is not just about renewables.¹

The energy transition designed to decarbonise the world is well underway but it's becoming increasingly clear success is about much more than renewable energy. We talked to two Platinum Portfolio Managers to see how they think the transition will really work – and what that could mean for investors.

ARTICLE

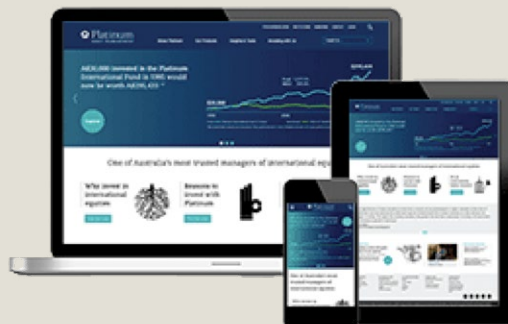
Japan's reform. New dawn or same old story?²

We've been investing in Japan for 25 years and think corporate governance reform could unleash a whole lot of value hidden inside some of Japan's biggest companies. In this article our experts report on their talk with the regulators who are driving the reform – and the companies that will change because of them.

VIDEO

Funds in Focus: Platinum European Fund.³

In the video webinar, Nik Dvornak, Co-Portfolio Manager for the Platinum European Fund, talks about big company turnarounds, the Central European consumer and the investment upsides of investing in powerful networks (like stock exchanges).



VIDEO

Funds in Focus: Platinum International Technology Fund.⁴

Jimmy Su, Portfolio manager for the Platinum International Technology Fund looks past the headlines about the "Magnificent 7" to examine some key misconceptions about generative AI and the next leg of growth for streaming services like Netflix and Amazon. He also provides an update on the Fund's portfolio.

AUDIO

Macro Overview: A Cautious Approach is Warranted, But Opportunities Still Prevail.⁵

In late September 2023, Platinum Co-CIO Andrew Clifford sat down with investment analyst Julian McCormack to discuss why Japan is now an attractive investment destination and assess some opportunities in China – particularly in the delivery, travel and auto sectors.

VIDEO

Finding Opportunities Where Others Fear to Tread.⁶

In this video, Platinum's Co-CIO, Clay Smolinski, discusses why it's hard to get macroeconomic predictions correct and how Platinum *leverages* the uncertainties inherent in macroeconomic forecasting to find mispricings that allow us to buy into valuable companies cheaply.

¹ www.platinum.com.au/insights-tools/the-journal/why-investing-in-the-energy-transition-is-not-just-about-renewables

² www.platinum.com.au/insights-tools/the-journal/japans-reform-new-dawn-or-same-old-story

³ www.platinum.com.au/insights-tools/the-journal/funds-in-focus-platinum-european-fund

⁴ www.platinum.com.au/insights-tools/the-journal/funds-in-focus-platinum-international-technology-fund

⁵ www.platinum.com.au/insights-tools/the-journal/macro-overview-a-cautious-approach-is-warranted-but-opportunities-still-prevail

⁶ www.platinum.com.au/insights-tools/the-journal/video-finding-opportunities-where-others-fear-to-t

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.

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 responsible entity and issuer of units in the Platinum Global Fund (the "Fund"). 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 read the entire Platinum Global Fund Product Disclosure Statement (including any Supplement(s) thereto) for the Fund ("PDS") and consider your particular investment objectives, financial situation and needs before making any investment decision to invest in (or divest from) the Fund. The Fund's target market determination is available at www.platinum.com.au/Investing-with-Us/New-Investors. You can obtain a copy of the current PDS from Platinum's website, www.platinum.com.au or by phoning 1300 726 700 (within Australia), 0800 700 726 (within New Zealand) or +61 2 9255 7500, or by emailing to invest@platinum.com.au. You should also obtain professional advice before making an investment decision.

Neither Platinum nor any company in the Platinum Group®, including any of their directors, officers or employees (collectively, "Platinum Persons"), guarantee the performance of the Fund, 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 2024. All rights reserved.

MSCI Inc 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 5590

Email

invest@platinum.com.au

Website

www.platinum.com.au/our-products/platinum-global-fund