Platinum International Fund
Platinum Global Fund (Long Only)
Platinum Asia Fund
Platinum European Fund
Platinum Japan Fund
Platinum International Brands Fund
Platinum International Health Sciences Fund
Platinum International Technology Fund

Platinum ASSET MANAGEMENT

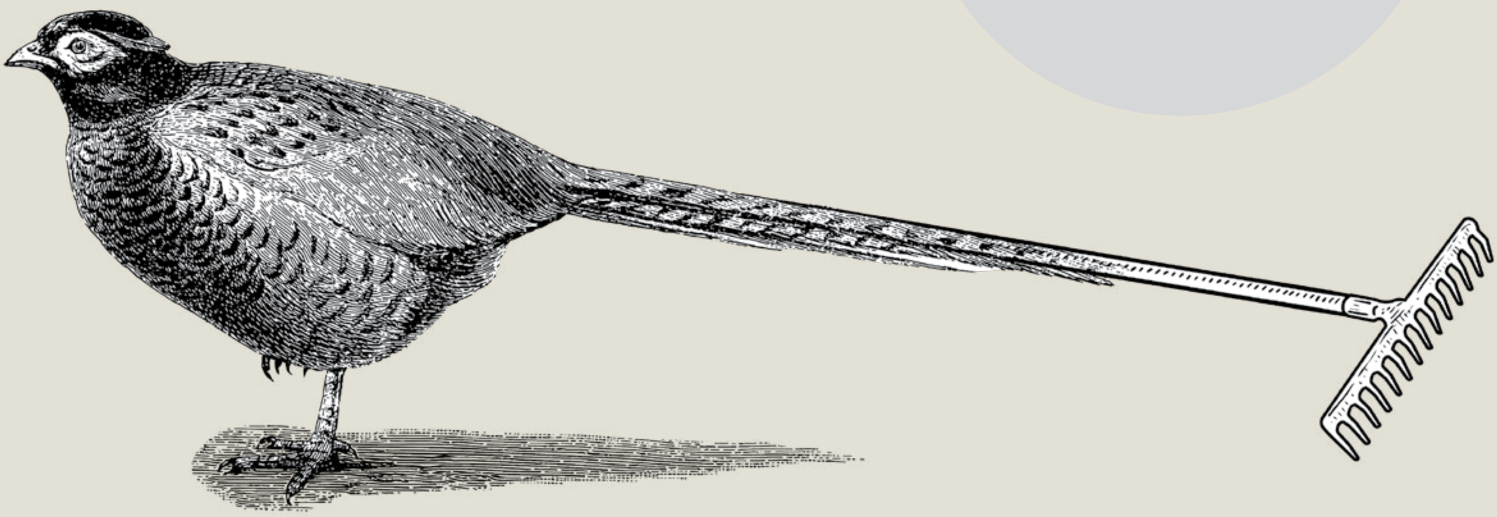
Quarterly Report

31 MARCH 2025

FEATURE ARTICLE

ARE WE STILL *'misunderestimating'* ASIA?

By Cameron Robertson
PORTFOLIO MANAGER, PLATINUM ASIA FUND



ALSO INSIDE

FOMO, TINA and TAPA

An acronymic guide to a regime shift in global markets

Contents

Performance Returns

to 31 March 2025

FUND (C CLASS – STANDARD FEE OPTION) (P CLASS – PERFORMANCE FEE OPTION)	PORTFOLIO VALUE A$ MIL	QUARTER	1 YEAR	3 YEARS COMPOUND P.A.	5 YEARS COMPOUND P.A.	SINCE INCEPTION COMPOUND P.A.	INCEPTION DATE
Platinum International Fund (C Class)	**3983.7**	**0.2%**	**1.4%**	**7.9%**	**8.1%**	**11.0%**	**30 Apr 1995**
Platinum International Fund (P Class)	211.7	0.3%	1.7%	8.2%	8.3%	6.3%	03 Jul 2017
MSCI All Country World Net Index in (A$)		-2.0%	12.2%	13.8%	14.8%	8.0%	30 Apr 1995
Platinum Global Fund (Long Only) (C Class)	**76.6**	**-0.8%**	**-1.2%**	**7.6%**	**9.0%**	**9.4%**	**28 Jan 2005**
Platinum Global Fund (Long Only) (P Class)	2.7	-0.7%	-1.0%	7.9%	9.2%	6.4%	03 Jul 2017
MSCI All Country World Net Index in (A$)		-2.0%	12.2%	13.8%	14.8%	8.8%	28 Jan 2005
Platinum Asia Fund (C Class)	**2035.4**	**1.5%**	**14.6%**	**7.5%**	**6.8%**	**12.3%**	**04 Mar 2003**
Platinum Asia Fund (P Class)	72.8	1.6%	14.9%	7.8%	6.9%	7.3%	03 Jul 2017
MSCI All Country Asia ex Japan Net Index in (A$)		1.2%	16.6%	8.3%	6.8%	9.1%	04 Mar 2003
Platinum European Fund (C Class)	**225.8**	**2.2%**	**5.2%**	**10.0%**	**10.3%**	**10.3%**	**30 Jun 1998**
Platinum European Fund (P Class)	3.2	2.3%	5.5%	10.3%	10.5%	6.1%	03 Jul 2017
MSCI All Country Europe Net Index in (A$)		9.9%	12.0%	14.4%	12.3%	4.5%	30 Jun 1998
Platinum Japan Fund (C Class)	**238.9**	**3.2%**	**3.5%**	**6.7%**	**6.1%**	**12.2%**	**30 Jun 1998**
Platinum Japan Fund (P Class)	2.5	3.3%	3.9%	7.0%	6.4%	5.9%	03 Jul 2017
MSCI Japan Net Index in (A$)		-0.3%	2.5%	12.0%	8.4%	4.0%	30 Jun 1998
Platinum International Brands Fund (C Class)	**250.8**	**-5.9%**	**13.1%**	**7.3%**	**9.1%**	**10.7%**	**18 May 2000**
Platinum International Brands Fund (P Class)	0.8	-5.8%	13.4%	7.5%	9.4%	6.3%	03 Jul 2017
MSCI All Country World Net Index in (A$)		-2.0%	12.2%	13.8%	14.8%	5.4%	18 May 2000
Platinum International Health Sciences Fund (C Class)	**247.4**	**-13.3%**	**-18.5%**	**1.5%**	**1.8%**	**8.2%**	**10 Nov 2003**
Platinum International Health Sciences Fund (P Class)	7.0	-13.3%	-18.3%	1.8%	1.4%	5.6%	03 Jul 2017
MSCI All Country World Health Care Net Index in (A$)		4.3%	3.7%	8.9%	9.1%	9.5%	10 Nov 2003
Platinum International Technology Fund (C Class)	**107.8**	**-10.0%**	**1.5%**	**9.9%**	**11.3%**	**9.7%**	**18 May 2000**
Platinum International Technology Fund (P Class)	5.1	-9.9%	1.8%	10.2%	11.6%	10.8%	03 Jul 2017
MSCI All Country World IT Net Index in (A$)		-12.2%	8.6%	17.6%	20.6%	5.8%	18 May 2000

Fund returns are net of accrued fees and costs, are pre-tax, and assume the reinvestment of distributions. Historical performance is not a reliable indicator of future performance. Source: Platinum Investment Management Limited for Fund returns and FactSet Research Systems for MSCI index returns.
See note 1, page 40.

Are we still *'misunderestimating'* Asia?

By Cameron Robertson

PORTFOLIO MANAGER, PLATINUM ASIA FUND

President George Bush (the second one) made some idiosyncratic contributions to the language, including his complaint that people "misunderestimated" him.[1]

I'm an Asia strategies portfolio manager, so I'm biased, but I feel the same about the region to our North – we "misunderestimate" Asia. For investors, that can be a mistake. Over the past decade Asia has been the motor of the world economy, generating 70% of global GDP growth. Platinum's Asia Fund has returned 12% p.a. since inception in 2003 (as at end March 2025).

Yet underestimating Asia has a long history.

Made (cheaply) in Hong Kong

In the 1950 and 60s, Hong Kong businesses used cheap labour to become a low-cost manufacturer of clothes and toys. The label 'Made in Hong Kong', was shorthand for cheap goods. Yet by the time Hong Kong was handed back to the Chinese it had achieved an economic miracle.

In 1960, the average per capita income in Hong Kong was 28% of its colonial owner, Great Britain. By 1996 average incomes in Hong Kong were 37% **higher** than in Britain, thanks to laissez faire policies and an entrepreneurial culture that helped Hong Kong ride the long tide of globalisation.[2]

By 1997, Hong Kong, with just six million people, was the world's busiest container port, with the world's seventh largest stockmarket.[3]

Rice burners and Japanese junk

In the 1950s Japan was producing low cost consumer goods, cheap motorcycles and under-powered cars labelled 'rice burners'. Take a time machine[4] forward to 2025 and the six most reliable car brands in the US are Japanese.[5]

Japan's firms patented a whole new approach to industrial management – they were fanatical about quality, hired selectively, partnered with suppliers, obsessed about process improvement and overinvested in engineering.

Today Japan is known for the quality of its consumer goods. It's a world leader in cars, design, fashion – and factory automation. Our Platinum Japan Fund holds a number of companies who are leaders in robotics and machine vision – companies like FANUC, Keyence and Daifuku.

The Middling Kingdom?

While China's rise has been the great economic story of the past few decades, it has also been repeatedly underestimated. It too was typecast as a low-wage manufacturer. Yet Chinese manufacturing labour costs rose 800% between the early 2000s and the 2020s and the country is still the world's dominant manufacturer.[6]

For some years critics argued China could dominate lightweight industrial production but never really master the material sciences. There were sneering comments about Chinese firms being unable to produce the quality of steel and precise engineering needed even to make ballpoint pens. Yet China today is the dominant producer of electric vehicles, batteries, high-speed rail stock and solar panels.

As Chinese manufacturing got more sophisticated, sceptics switched to argue that China would never master the internet – until Alibaba came along. Others argued they would never become a leader in AI – then DeepSeek shocked the world earlier this year by delivering a Chat-GPT equivalent at what looks like a discount in price and computing power. In the human sciences, China's share of global biopharma companies tripled between 2017 and 2024.[7] Betting against Chinese adaptability is a poor bet.

1 British critic Philip Hensher called it one of Bush's "most memorable additions to the language, and an incidentally expressive one: it may be that we rather needed a word for 'to underestimate by mistake."

2 See *The Real Lesson of Hong Kong*, by Milton Friedman, National Review, December 1997.

3 *China Growth, Structural Change, and Economic Stability During the Transition*, IMF paper, August 1997.

4 In the time-travel comedy *Back to the Future* Doc Brown (a character from 1955) is critical of the quality of Japanese circuitry. "What do you mean," says Marty McFly (from 1985), "All the best stuff is Made in Japan."

5 *Who Makes the Most Reliable New Cars?* Consumer Reports, 2025. Two of the top ten are Korean, defying yet another stereotype that Koreans would only ever make budget cars.

6 *The Evolution of Manufacturing Unit Labor Costs in Asia*, Talent'd newsletter, June 2024. And *Manufacturing by Country 2025*, World Population Review, 2025.

7 *How Innovative Is China in Biotechnology?*, Sandra Barbosu, Information Technology and Innovation Foundation, August 2024.

The lessons of the past

So why have Asian economies, markets and firms been serially underestimated? Here's my personal view.

- **The accelerator effect**
  There comes a point in a country's economic development where their smartest people can shift from working in development – transport, food, housing and energy – and have the infrastructure and incentives to create businesses. That shift occurred decades ago in Japan, Hong Kong and Singapore. We're seeing its peak today in Taiwan, South Korea and China. Indonesia, India and Vietnam are in the take-off phase.
- **Static thinking**
  As humans and investors we assume what we see will stay static, yet dramatic change can be happening beneath the surface. It was easy to believe Toyota would keep building small cars for their sizeable home market. Much more difficult to predict they would reshape industrial management and become the world's biggest car company. Hence it's important to systemise the analysis of what's changing about a business to see whether that change makes it a buy.
- **Confusing macro with micro**
  Both Japan and China have had long booms and deep slumps over the past 30 years. Despite these macro swings they've built global success stories – Toyota, Sony and Keyence in Japan. Tencent, Alibaba and BYD in China.
- **Shoulders of giants**
  There's *some* truth to the saying: "America innovates, Asia imitates, Europe regulates." But it's not the full truth. Globalisation, the internet and big data mean it's easy for companies anywhere to copy (learn from) their competitors. Today information, capital and brains are light-speed mobile. Asia has turned that to its advantage.

Forward thinking

So what does the future hold for our neighbours to the North?

A patchwork of reform

There are business-friendly reforms kicking in across the region, albeit at different speeds and levels.

In Korea and Japan there is a greater focus on shareholder returns and better corporate governance. The progress can be halting – but there is progress.

India's pro-growth policies mean GDP is growing at over 7%[8] a year and its consumer economy is developing rapidly. India is way behind Western standards on corporate governance but some people there are thinking very deeply about the shape of future growth. Raghuram Rajan, the former Governor of India's Reserve Bank wrote recently that India needed to move from fetishising manufacturing towards delivering "high-skill services for the export market and moderate skilled services for its huge domestic market."[9]

A large middle class that buys off each other

Today Asia is the world's largest trading bloc and intra-regional trade is growing rapidly. Its rapidly expanding middle-class is both a huge market and a supplier of capital to Asian businesses.

Extraordinary businesses

Right across Asia we're finding extraordinary businesses to invest in. Taiwan's **TSMC** is a chip foundry essential to all the great technology names carving out the future of AI. It's generated a return of 24% a year for ten years.[10] I've dubbed **Pakuwon Jati**, 'Indonesia's Westfield'. It's debt free, well-managed and exposed to the growing Indonesia consumer. Yet it's valued at around 8 times earnings, despite owning land worth as much as its market capitalisation, so you're effectively getting the business for free. With holdings like **Bilibili** and **Kuashiou** we're giving Platinum investors exposure to the massive potential of online entertainment in China. Between them these companies have around one billion users.

8 *Asian Development Outlook*, December 2024, Asia Development Bank.

9 *Monetary Policy And The Indian Economy With Raghuram Rajan*, 14/3/2025, Hoover Institution podcast.

10 Source: Factset, local currency, to end March 2025.

The upside of underestimation

For Platinum clients the ongoing underestimation of Asia can be a good thing. As value-oriented investment managers we're seeking assets priced more cheaply than they're worth. The serial discounting of Asia's prospects means we found companies like Tencent, the Chinese technology giant we have owned since July 2013 and which has delivered a total return over 740% over that time.[11] We're still finding those opportunities.

Asia also offers multiple layers of diversification.

Asia economies run the board on development. South Korea and Taiwan are advanced first world economies. Parts of the Chinese seaboard are as sophisticated as any country in the world. All three of these countries have large high-tech sectors that help future proof their economies.

By contrast, India, Indonesia, Bangladesh and Vietnam are still emerging. The path of their economic future is less clear and their markets likely to be more volatile. Yet they have the potential to grow much more quickly – and to throw up exceptional long-term opportunities. To take one proven example, our Indian airline holding, **InterGlobe Aviation**, has returned over 18% a year – for fifteen years.[12]

11 Source: Factset, local currency, to end March 2025.

12 Source: Factset, local currency to end March 2025.

An invaluable difference

For Australian investors, diversifying into Asian companies also diversifies *where* their returns come from.

- In Australia, financial stocks (banks, insurers, real estate) make up nearly half the market.
- Resource companies (Rio, BHP, Fortescue etc) account for another 22% of the MSCI Australia Index.[13]

Investing in Australian shares means you're heavily invested in only two sectors. Invest in Emerging Asia and around 70% of your money goes into tech, healthcare, industrials and consumer-oriented businesses.[14] For an Australian, an allocation to Asia is a natural counterweight to our over-concentrated home market.[15]

My argument in this article is that it's a mistake to underestimate Asia – its growth potential, its adaptability, the returns available from its markets.

Thirty years ago, it might have been forgivable. Today, when Asia is 60% of the global population and 70% of global GDP, when GDP per capita is growing much faster than in any other region,[16] 'misunderestimating' Asia is not only unwise, it could be bad for your wealth. ■

For more on the Platinum Asia Fund, see our **Fund** page.

Want to **invest** with Platinum?

Like more information on the **Platinum Japan Fund**?

13 Source: MSCI Australia Index.

14 Source: MSCI Emerging Markets Asia Index.

15 For more on the value of Asian shares as a 'natural' diversifier for Australian investors see: Some Emerging Markets are more equal than others.

16 *World Economics Asia Pacific*, updated March 2025.

Platinum International Fund

Ted Alexander
Portfolio Manager

Overview

- The Fund 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.

As of 3 March 2025 Ted Alexander became Portfolio Manager of the Platinum International Fund.

Performance

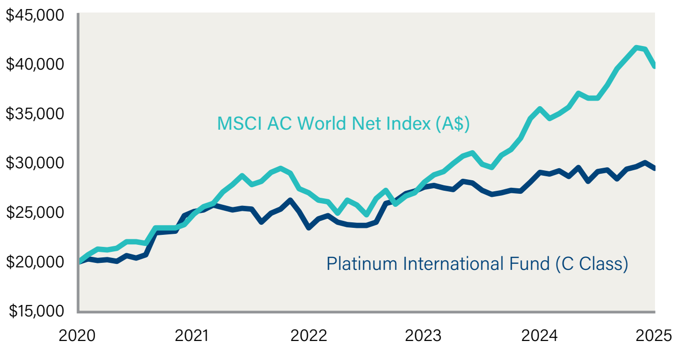
compound p.a.+, to 31 March 2025

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Fund*	0%	1%	8%	8%	11%
MSCI AC World Index^	-2%	12%	14%	15%	8%

+ Excluding quarterly returns.
* C Class – standard fee option. Inception date: 30 April 1995.
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 40. Numerical figures have been subject to rounding.

Value of $20,000 invested over five years

31 March 2020 to 31 March 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 40.

The Fund 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 Fund rose +0.2% while the benchmark was down nearly 2%.

The Fund 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 Fund's outperformance for the quarter.

Having been appointed Portfolio Manager of the Fund starting 3 March much of the Fund'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.

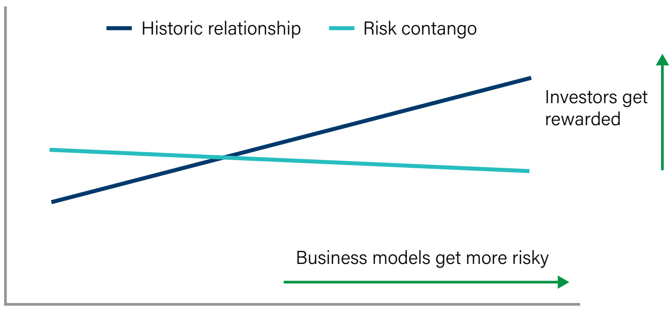
There has been an uptick in stock market volatility due to uncertainty about US tariffs, which is unfolding as I type. We have been positioning the portfolio to protect the Fund if this pressure persists.

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.

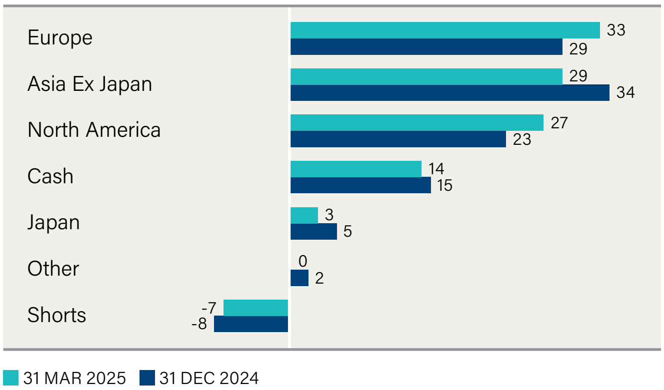
This led to a form of "risk contango" – you could reasonably expect a higher future return from safer bets on quality stocks than on speculative, risky businesses. The opposite is normally the case – you trade higher risk for higher return.



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.

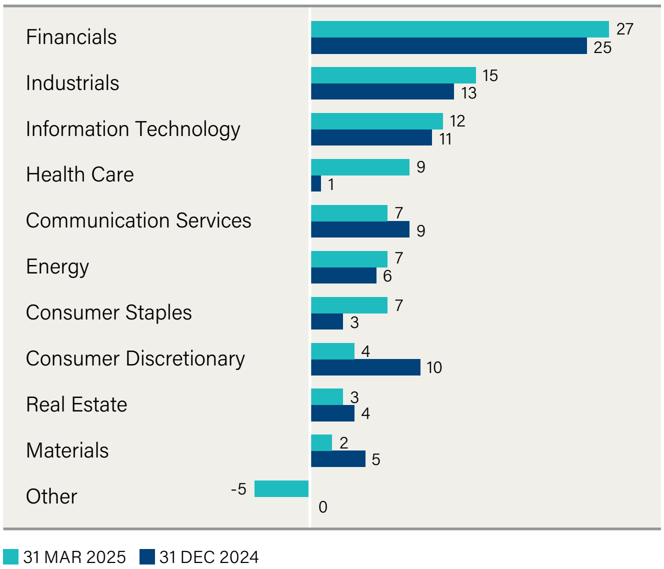
A fund like Platinum's International Fund can invest in more volatile businesses in return for high potential profits – if the valuation is right. In current markets, however, riskier businesses don't appear to offer enough profits to the stock investor and we feel that better profits can be made in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

Disposition of Assets %



See note 3, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures %



See note 4, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Allfunds Group Plc	UK	Financials	4.3%
Alphabet Inc	US	Comm Services	4.2%
Taiwan Semiconductor	Taiwan	Info Technology	3.9%
St James's Place PLC	UK	Financials	3.7%
TransUnion	US	Industrials	3.6%
ZTO Express Cayman Inc	China	Industrials	3.5%
JD.com Inc	China	Cons Discretionary	3.5%
UBS Group AG	Switzerland	Financials	3.4%
Beazley PLC	UK	Financials	3.0%
Novartis AG	Switzerland	Health Care	2.6%

As at 31 March 2025. See note 5, page 40.
Source: Platinum Investment Management Limited.

We are not philosophically shifting the Fund 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.

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.

Platinum Global Fund (Long Only)

Ted Alexander
Portfolio Manager

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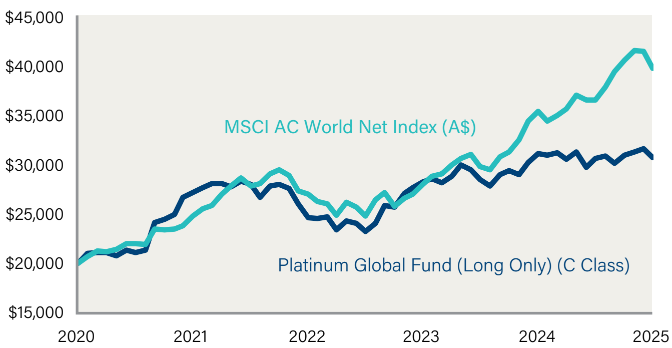

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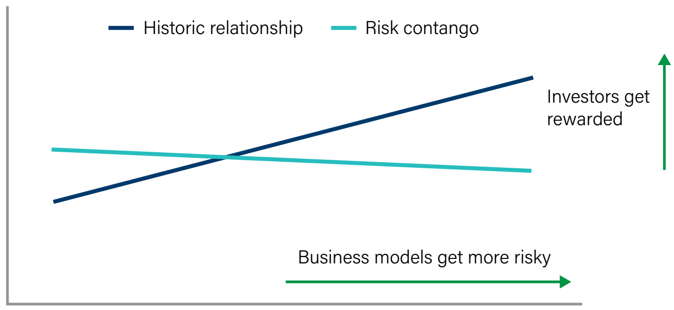
This led to a form of "risk contango" – you could reasonably expect a higher future return from safer bets on quality stocks than on speculative businesses. The opposite is normally the case – you trade higher risk for higher return.



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.

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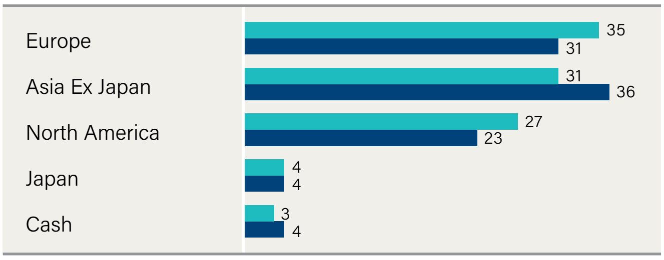

31 MAR 2025 31 DEC 2024

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Source: Platinum Investment Management Limited.

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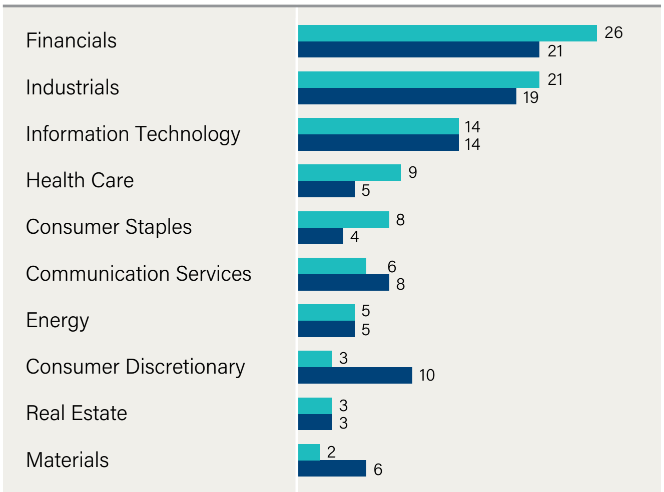

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Allfunds Group Plc	UK	Financials	4.4%
Taiwan Semiconductor	Taiwan	Info Technology	4.4%
ZTO Express Cayman Inc	China	Industrials	4.1%
Wizz Air Holdings Plc	Italy	Industrials	3.7%
UBS Group AG	Switzerland	Financials	3.5%
JD.com Inc	China	Cons Discretionary	3.4%
Alphabet Inc	US	Comm Services	3.3%
Heineken NV	Netherlands	Cons Staples	2.8%

As at 31 March 2025. See note 5, page 40.
Source: Platinum Investment Management Limited.

We are not philosophically shifting the Fund 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.

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 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.

Platinum Asia Fund

Cameron Robertson
Portfolio Manager

Overview

- Fund performance was boosted by a strong performance from Chinese stocks including our core technology holdings such as **Tencent** and **Alibaba**. Korean semiconductor manufacturer **SK hynix** also performed well.
- Tariff threats loom over the Asia region – as they do over most of the world's markets. However we remain positive. We have focused the portfolio on domestically oriented businesses and valuations remain attractive.
- There are some green shoots in China. The arrival of DeepSeek reminded investors that China is more than capable of competing on AI. We're also seeing some stabilisation in the Chinese property market. Chinese stocks were up strongly over the year to end March.

Performance

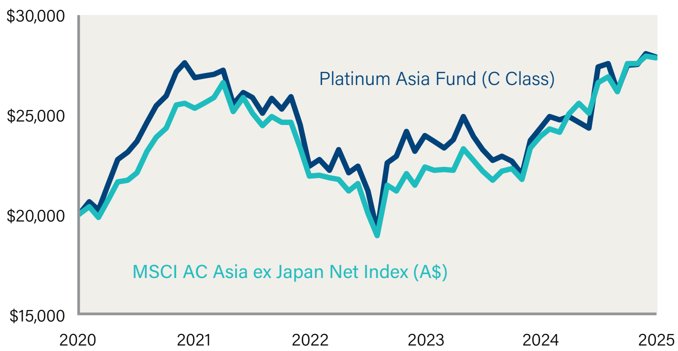
compound p.a.+, to 31 March 2025

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Asia Fund*	2%	15%	8%	7%	12%
MSCI AC Asia ex Jp Index^	1%	17%	8%	7%	9%

+ Excludes quarterly returns.
* C Class – standard fee option. Inception date: 4 March 2003.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI All Country Asia ex Japan 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 40. Numerical figures have been subject to rounding.

Value of $20,000 invested over five years

31 March 2020 to 31 March 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 40.

The first quarter of 2025 saw the Fund return +1.5%.

The quarter saw strong performance in the Hong Kong stock market, most notably Chinese technology companies, while the broader Chinese market was a little soft. Given the ongoing political situation playing out in Korea, it was a pleasing to see markets look through the noise and perform well. Meanwhile Taiwan and South-East Asian markets were weaker.

With Trump returning to the US President's office, the topic of tariffs hung over markets during the quarter, although most of the action on that front is happening post-quarter-end as I'm writing this update (touched on in the Outlook section).

Strong contributions from several key Chinese technology holdings (**Tencent**, **Alibaba**, **Kuaishou**, **JD.com**) and Korean semiconductor manufacturer **SK hynix** were instrumental to the Fund's outperformance. These gains helped offset weaker performance from holdings such as Taiwanese technology giant **TSMC**, Philippine developer **Ayala Land** and Indonesian sportswear retailer **Map Aktif**.

During the quarter we initiated a position in Korean maritime services company **HD Hyundai Marine Solution**. We capitalised on a surge in Chinese photo-editing app **Meitu**, selling our position after a rapid gain.

Commentary – watching trade developments

The return of Donald Trump to the US presidency has brought international trade policy back into sharp focus. While potential tariff impacts have been a key discussion point, direct consequences for Asian economies were relatively contained during Q1. In the first few days of April we have seen further tariff announcements out of Washington and uncertainty is likely to remain a feature of the global trade environment for the foreseeable future. This is a particularly challenging backdrop for export-heavy sectors. We had positioned our portfolio to favour companies geared towards domestic demand within Asia. This offered some insulation from direct US tariff impacts.

China: AI boosts tech; financials stabilise

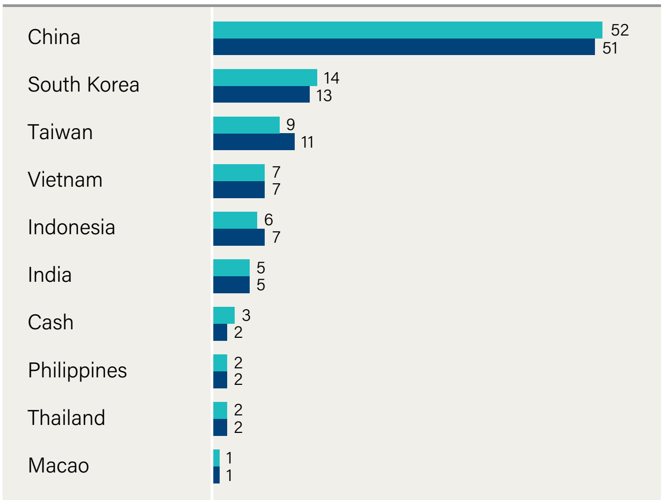
China presented a mixed picture. A major positive was the excitement surrounding domestic AI advancements, sparked by the global attention given to highly capable large language models like 'DeepSeek'. This catalysed strong performance in several of our key Chinese internet and technology holdings, including significant positive contributions from Tencent, Alibaba, Kuaishou and JD.com.

The AI enthusiasm also led to sharp rallies in related names. For instance, photo-editing app Meitu surged due to market excitement about its AI features, providing a timely opportunity for us to exit the position at a healthy profit. We also modestly trimmed some other Chinese technology holdings that benefited from the rally.

Separately, we saw further evidence of a gradual stabilisation in China's property sector and financial system sentiment. While nationwide new home prices continued to decline year-on-year, the pace slowed notably in early 2025, with monthly prices largely flat and even rising in a couple of key cities. Reflecting this improved sentiment and the associated reduction in systemic risks, financial holdings performed well, with **China Merchants Bank**, for example, rising circa 15% during the quarter and contributing positively to Fund performance.

Outside these areas, the performance of our Chinese holdings was varied. Prosthetic joint manufacturer **AK Medical** gained on a sharp improvement in profits. Travel booking site **Trip.com** and grocery delivery service **Dingdong** saw their shares decline.

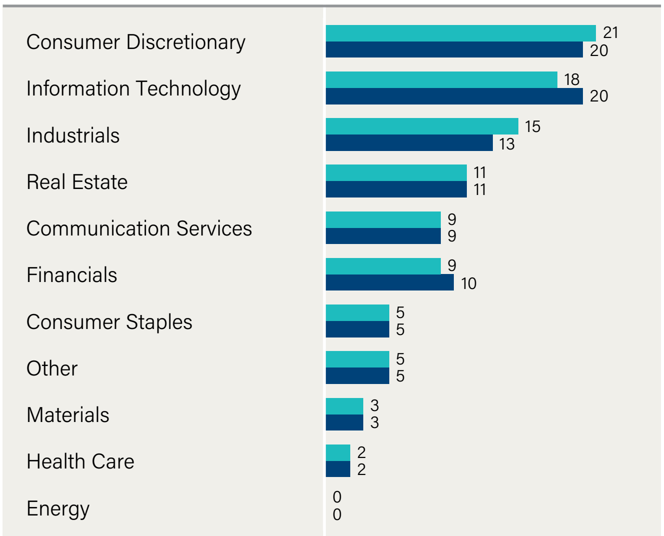
Disposition of Assets %



31 MAR 2025 31 DEC 2024

See note 3, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures %



31 MAR 2025 31 DEC 2024

See note 4, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Taiwan Semiconductor	Taiwan	Info Technology	8.3%
JD.com Inc	China	Cons Discretionary	5.8%
Tencent Holdings Ltd	China	Comm Services	5.6%
SK hynix Inc	South Korea	Info Technology	5.3%
Vietnam Ent Investments	Vietnam	Other	4.5%
ZTO Express Cayman Inc	China	Industrials	4.0%
Samsung Electronics Co	South Korea	Info Technology	3.9%
China Merchants Bank Co	China	Financials	3.9%
Ping An Insurance Group	China	Financials	3.8%
China Resources Land Ltd	China	Real Estate	3.2%

As at 31 March 2025. See note 5, page 40.
Source: Platinum Investment Management Limited.

Korea: resilience amidst uncertainty

Despite lingering domestic political uncertainty, the South Korean market held up reasonably well. Corporate activity provided some stock-specific drivers at companies like water purifier business **Coway**, where activist investor attention drew a commitment to increase the dividend payout ratio. As a result the stock performed well. Food company **Orion** also delivered steady gains, seemingly on positive sales data.

Other positive contributors from Korea were SK hynix and **Samsung**. The global AI stock rally moderated late in the quarter and this contributed to weakness in TSMC, a key detractor from Fund returns. However, Korean memory makers were relatively resilient. This reflected, in part, an improved outlook for memory demand and the potential benefits from US export controls hitting Chinese competition. There was growing market enthusiasm for Samsung's progress in high-bandwidth memory (HBM), though Samsung has yet to receive qualifications to be incorporated into the latest Nvidia products. Our holding in Soulbrain, which provides chemicals used in Samsung's manufacturing process, also benefited.

During the quarter, we established a new position in **HD Hyundai Marine Solution**. This recent spin-off from the HD Hyundai group is a leader in ship after-market servicing, providing parts and services critical to vessel operations. It enjoys a strong market position and is the monopoly parts provider for Hyundai engines. With few analysts covering the stock, we believe its quality attributes may be underappreciated by the market and this offered us an attractive entry point. We funded this buy, in part, by exiting our position in **LG Chem**.

India: a quiet quarter

Indian shares had a relatively subdued quarter, starting out weak before recovering to finish broadly flat. Our holdings reflected this, with **Interglobe Aviation** rising, while **Macrotech Developers** fell.

South-East Asia: headwinds persist

SE Asian markets generally struggled due to renewed US dollar strength and some country-specific concerns. A number of holdings declined, including Ayala Land (Philippines) and Map Aktif (Indonesia). Other Indonesian holdings like **Pakuwon Jati**, **Merdeka Battery Materials** and **Cinema XXI** also weakened. In many cases the companies appear to be performing perfectly well operationally. However, broader market and regional concerns dragged the shares lower.

Outlook

Looking ahead, we face known uncertainties such as shifts in US trade policy, rapid technological evolution and changing regional economic momentum. The constant flux in tariff discussions makes the current environment particularly challenging for global businesses that sell into or operate within the US.

Why? Because running a business effectively requires the ability to make long-term investment decisions about capability and capacity. That's difficult without clarity on the medium-to-long-term 'rules of the road' regarding trade. This confusion and resulting inaction will create knock-on effects, potentially slowing global economic activity.

While our portfolio is positioned to minimise direct impacts from tariffs, the broader economic environment is an unavoidable reality for investors. However, we find comfort in Asia's domestic markets. Many have been relatively subdued, meaning sales and margins aren't cyclically high, valuations are often low and there appears to be room for domestic recovery, even independent of the global trade situation.

We believe Asia continues to present compelling opportunities for disciplined, long-term investors. We are confident our portfolio is well-positioned to generate value for investors over time.

Platinum European Fund

Adrian Cotiga
Portfolio Manager

Overview

- The realignment of global trading and security structures embarked on by the Trump administration has had a negative effect on markets and could continue to do so. However it has also sparked a push to re-energise European institutions and refocus on growth. Germany's huge fiscal and defence industry package is a defining symbol of that change.
- The Fund benefited from good performance by Swiss giant **Nestlé**. Sentiment around the company was poor but by quarter end the market appeared more confident about management's approach to cost-cutting and divestment and its ability to manage rising coffee and cocoa prices.

Performance

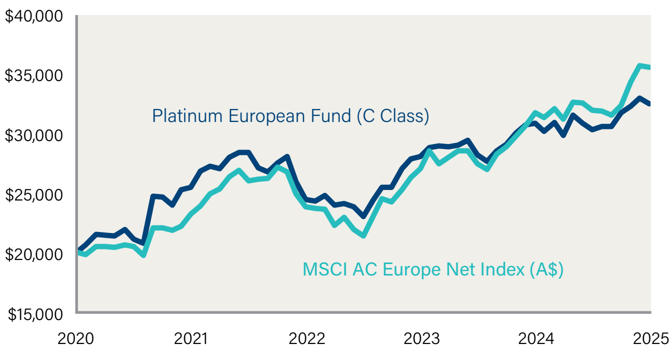
compound p.a.+, to 31 March 2025

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum European Fund*	2%	5%	10%	10%	10%
MSCI AC Europe Index^	10%	12%	14%	12%	4%

+ Excludes quarterly returns.
* C Class – standard fee option. Inception date: 30 June 1998.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI All Country Europe 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 40. Numerical figures have been subject to rounding.

Value of $20,000 invested over five years

31 March 2020 to 31 March 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 40.

This quarter has been eventful, marked by shifting trade winds, geopolitical undercurrents and the beginning of a cautious change to Europe's economic structures. Against this backdrop, the Fund delivered a modest gain.

The new American administration has delivered a message of tough love to the European establishment, from asking NATO members to step up defence spending to pushing up tariffs.

This seems to question the economic and security settlement that sustained the US/European alliance since 1946. In response, Germany approved a vast fiscal spending program, equivalent in size to a combined Marshall Plan/ German Reunification spend – $500bn for defence and another $500bn for infrastructure.

The prospect of higher fiscal spending and higher growth saw European equities perform well, driven by banks (+20% YTD), industrials (+6%), and defence stocks. While some of our stocks participated in the rally, our performance lagged due to lower exposure to industrial stocks and our tilt to diversified financials, like London Stock Exchange, over banks.[1]

The spectre of US tariffs loomed large over European markets this quarter. On 2nd of April, the US announced a 20% tariff on European imports. We're waiting to see the full range of European Union responses. It has mentioned "robust countermeasures," though this may be counterproductive and some leaders have stressed their willingness to continue negotiations.

Puma runs out of room

The Fund's performance this quarter was a tale of two sides: steady gains from defensives and financials offset by stumbles in some turnaround names and growth-oriented holdings.

Société Générale, the large French bank, was a significant contributor to performance as the market gained confidence in the execution of its strategy. **Nestlé**, the powerhouse Swiss owner of Nescafe and KitKat, delivered a solid performance (+19% YTD) as negative sentiment around the company improved throughout the quarter. **Beazley**, the UK based insurer, performed well (+13.5%) on the back of a solid earnings result and positive surprise on capital return.

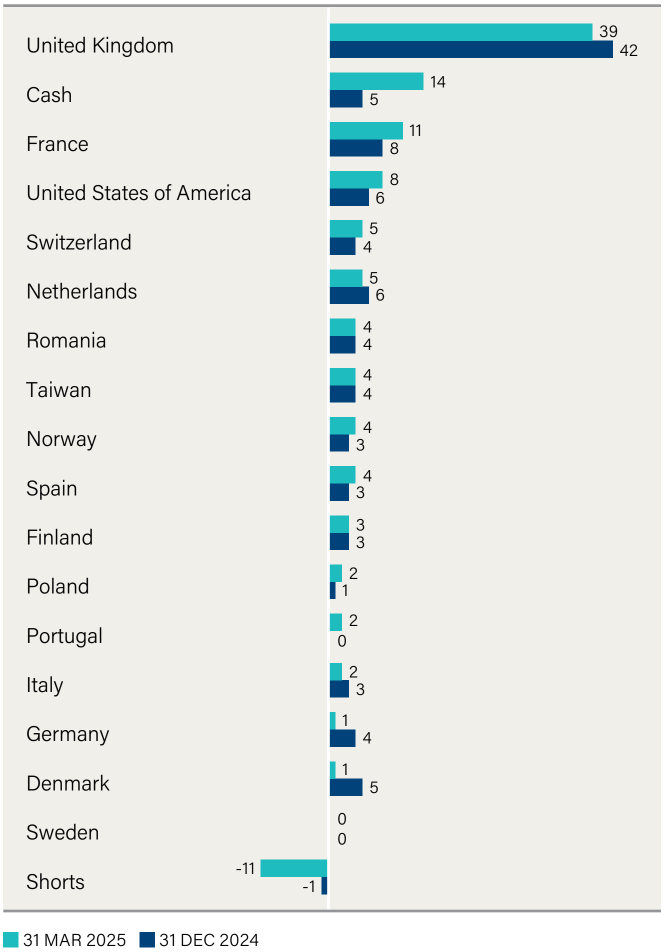
The main detractor from quarterly performance was **Puma**, the German sportswear brand which was down nearly 50% over the quarter. Following the 4Q24 profit warning, we cut our losses and exited the position. It is clear it will take much longer than we anticipated for Puma to build the sustained 'brand heat' needed to generate future sales growth at full price sell-through rates. After our sale, there was more negative news and the stock fell further. Another detractor was **Flutter**, the sports betting and online gaming company, down 14% on news of increased taxes.

Sentiment on **ASML** (-10%) was hit by fears over Chinese semiconductor equipment spending and the health of Samsung and Intel's foundry businesses. Both are major ASML customers. News flow around tariffs and export restrictions added to uncertainty over the semiconductor supply chain.

Traditionally, improvement in computational performance was achieved by reducing the size of transistors, using more advanced lithography systems from ASML. In the near term, the company may face some headwinds as its customers migrate to a new transistor architecture (gate-all-around) which reduces lithography intensity.

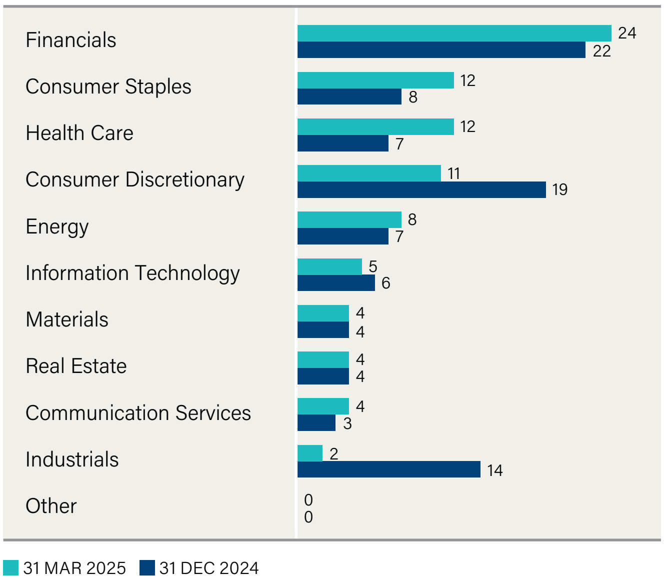
1 Sector returns based on Stoxx Europe 600 sector Indices.

Disposition of Assets %



See note 3, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures %



See note 4, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Nestle SA	US	Consumer Staples	4.6%
Allfunds Group Plc	UK	Financials	4.4%
Banca Transilvania SA	Romania	Financials	4.4%
London Stock Exchange	UK	Financials	4.2%
ASML Holding NV	Taiwan	Info Technology	4.2%
Barclays PLC	UK	Financials	3.9%
Societe Generale S.A. Class A	France	Financials	3.8%
Foxtons Group PLC	UK	Real Estate	3.7%
Cellnex Telecom SA	Spain	Comm Services	3.5%
Rentokil Initial PLC	UK	Industrials	3.3%

As at 31 March 2025. See note 5, page 40.
Source: Platinum Investment Management Limited.

ASML is now trading at valuations at the low end of its historic range. As a virtual monopoly in lithography systems, which are indispensable to chip manufacturing, we see the stock as attractive. It has recently posted strong performance on system booking numbers.

Commentary – Europe's pivot point?

Rising real incomes, ECB easing and a deeper single market should support consumption and investment in Europe. Taking Germany's striking fiscal policy moves as a starting point leads us to believe that Europe's pivot to self-sufficiency and domestic growth is a slow burn move – but a real one.

We've structured our long portfolio to respond to these forces. Later in the quarter, we shorted a basket of stocks across different industries that are likely to suffer from trade friction and weaker demand from the US.

We used some temporary weakness to add to our Nestlé position. Food stocks are out of favour due to the arrival of GLP-1 (Ozempic-type) products. There are also concerns the health impacts of ultra processed products would cut demand for packaged food.

However, Nestlé isn't just a food company – products likely to be affected by GLP-1 adoption account for ~33% of operating profit. They are not key segments for the company, and some will likely be sold. Nestlé could also benefit from developing products to complement GLP-1 use.

Secondly, investors are questioning Nestlé's long term growth potential, given slowing growth in some core categories and market share loss. However, Nestlé has leading positions in attractive categories and slowing growth is partly the result of temporary operational issues and a post-Covid lull in certain categories.

Thirdly, Nestlé is exposed to rising coffee and cocoa prices. The market questions Nestlé's ability to increase their prices to offset this, given significant price hikes taken in FY22 and 23. However, we believe Nestlé should be able to manage coffee and cocoa price inflation. These categories are less price elastic than other parts of Nestlé's portfolio – consumers will keep buying chocolate and coffee even though prices are rising. The company also has extensive experience managing fluctuations in these commodity prices.

Given limited divestment and cost cutting measures so far, some market participants doubt the new management team is committed to turning around the business. We believe it is too early to assume management is finished with rationalisation. During the quarter sentiment around Nestlé improved and the stock ended up around 19% YTD.

Early in the quarter we established a new position in Société Générale SA, the third largest bank in France. Société Générale was perceived as a complex, low return on equity (ROE) bank that could be a value trap.[2] There was a similar concerns with our other large banking holding, **Barclays**, before it embarked on a strategy to boost shareholder returns and ROE.

There are signs that the SocGen story is changing. Management's focus has shifted to improving returns on capital by optimising the balance sheet, divesting low return businesses and potentially doing large share buybacks which makes a lot of sense given its low valuation. Until recently, the market didn't truly believe the improvement story, wanting to see tangible evidence of consistent execution. The most recent earnings release was that catalyst. With the backdrop of rising interest rate expectations the share price has appreciated ~40% since our first purchase.

Outlook

Looking ahead, we're threading a needle between opportunity and caution. A full-blown trade war would depress growth and stoke inflation, but a softer stance on tariffs might ease the pressure. Geopolitical risks ranging from Ukraine to the Middle East are keeping commodity markets on edge, though a potential ceasefire in Eastern Europe could lift sentiment and the Euro.

European nations are often typecast as high taxing and high spending. Yet, writing in the Financial Times, Mario Draghi pointed out that the US government used deficit financing to inject five times more money into the US economy than Europe did between 2009-2024. That's meant relatively weak consumer confidence and lower economic activity in Europe.

The sense of crisis occasioned by shifting geopolitics means there's now more chance European governments will open the cash spigots. That cash surge could be augmented by falling interest rates and the push to reshore manufacturing.

Amidst these headwinds, Europe is quietly working at improving its economic resilience. Governments and companies are pivoting toward self-sufficiency and domestic consumption, a trend we view as a structural tailwind. We remain cautiously optimistic as we navigate an increasingly complex landscape.

2 A company that appears attractive on valuation metrics but is actually cheap for a reason, such as poor management or weak growth prospects.

Platinum Japan Fund

Leon Rapp
Portfolio Manager

Overview

- The Fund comfortably outperformed the index over the quarter with good performances from companies relatively untouched by the tariff threat such as **MUFG** and **Mitsubishi Estate**.
- Games platform companies like **Sony** and **Nintendo** – both Fund holdings – appear set for a positive 2025 with new games launches (Sony) and a new console launch (Nintendo) likely to boost performance.
- Whilst tariffs will weigh on some Japanese companies, our factory automation holdings – **Fanuc**, **Keyence**, **Daifuku** & **Mitsubishi Electric** – are likely to benefit from US efforts to rebuild manufacturing.

Performance

compound p.a.+, to 31 March 2025

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Japan Fund*	3%	4%	7%	6%	12%
MSCI Japan Index^	-0%	3%	12%	8%	4%

+ Excludes quarterly performance.
* C Class – standard fee option. Inception date: 30 June 1998.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI Japan Net Index in AUD.
Source: Platinum Investment Management Limited, FactSet Research Systems.
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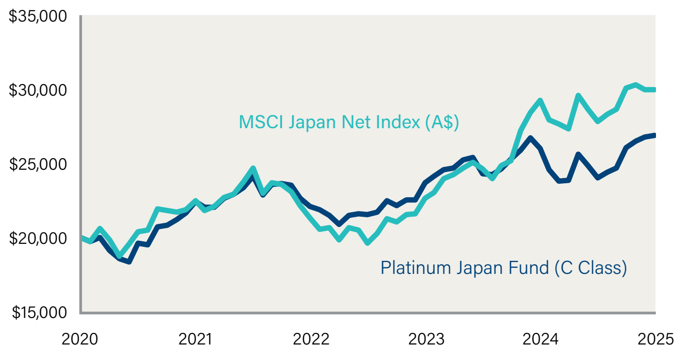
Value of $20,000 invested over five years

31 March 2020 to 31 March 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 40.

The quarter saw the Fund deliver a positive return of over 3%, significantly outperforming the index which was down 0.3% over the same period.

Market action this quarter was largely driven by sentiment surrounding trade policy and uncertainty over US tariffs. As such, key contributors to portfolio performance were companies less likely to suffer tariff impacts such as **Sony** (+11%), **MUFG** (+16%), **Nintendo** (+9%) and **Mitsubishi Estate** (+10%). Detractors were exporters and cyclicals such as **Toyota** (-16%), **Fast Retailing** (-18%) and **Denso** (-16%).

There were limited changes to the portfolio during the quarter with relatively minor rebalancing. We added **DMG Mori** to build out our existing exposure to factory automation companies such as **Keyence**, **Fanuc**, **Mitsubishi Electric** and **Daifuku**.

Why rebuilding European manufacturing is good for Japan

Japan's stock market offers investors a broad range of investment opportunities. One underappreciated aspect of the market is the many companies that, due to their specific focus, have a competitive edge that makes them indispensable to global value chains. These Japan companies benefit from global demand trends.

One example is the new German government's plan to sharply increase defence spending. This represents a major policy watershed and has already seen defence stocks rise in Europe. Global investors are increasing allocations to the region in the expectation of a multiyear investment boom.

Until recently, it was difficult to make the case that EU manufacturing capex would recover. However, the stage now appears set for a recovery – and potentially a robust one given the urgency of these policy announcements.

One stock likely to benefit from this is DMG Mori, a significant holding in the Japan Fund.

DMG Mori is the world's leading maker of machine tools and was formed from the merger of Japan's Mori Seiki and Germany's Gildermeister. Machine tools are the building block of the manufacturing industry, creating components used to build capital goods. Japanese firms in this sector are highly competitive. We expect Japanese machine tools to be one of the first areas to see increased European demand as they seek to rebuild manufacturing capacity.

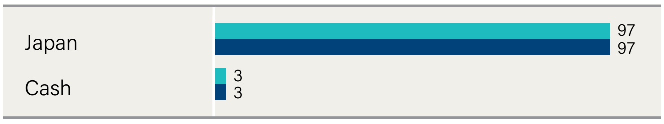
DMG Mori already gets more than half its orders from the EU, with a particular reliance on German manufacturing investment. DMG Mori's strength is in sophisticated high end machine tools such as 5- axis machines and integrated mill turn centers which are vital to industries such as aerospace and defense.

Growth, tariffs and the BoJ

The yield on the benchmark 10 year government bond rose from 1.1% in January to 1.55% just before the tariff announcements on April 2nd. This reflects a steadily improving domestic economy and higher inflation.

In response we expect the BOJ to continue to raise rates as inflation is somewhat above its comfort level at around 3%. Some would view the BOJ hikes as necessary, if not inevitable, given inflation signals mean a reduced need for monetary stimulus. Yet the BOJ has stressed that economic recovery is fragile and could be further destabilised by tariff uncertainty. It needs to see evidence of self-sustaining growth before rates are normalised.

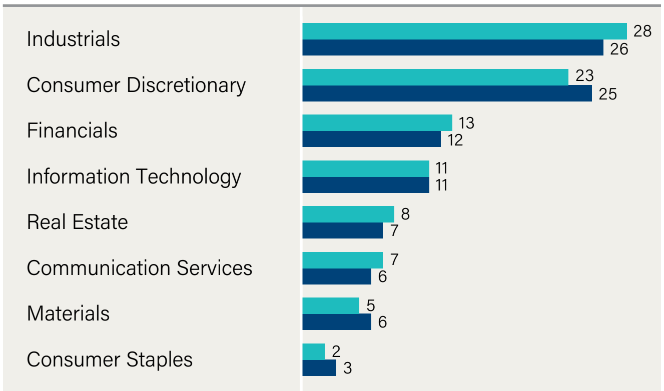
Disposition of Assets %



31 MAR 2025 31 DEC 2024

See note 3, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures %



31 MAR 2025 31 DEC 2024

See note 4, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Mitsubishi UFJ Financial	Japan	Financials	5.1%
Sony Corp	Japan	Cons Discretionary	5.1%
Taisei Corp	Japan	Industrials	4.8%
Mitsubishi Electric Corp	Japan	Industrials	4.6%
Mitsubishi Estate Co Ltd	Japan	Real Estate	4.4%
MS&AD Insurance Group	Japan	Financials	4.0%
Mitsui Fudosan Co Ltd	Japan	Real Estate	3.9%
Keyence Corp	Japan	Info Technology	3.9%
Toyota Motor Corp	Japan	Cons Discretionary	3.8%
Hitachi Ltd	Japan	Industrials	3.8%

As at 31 March 2025. See note 5, page 40.
Source: Platinum Investment Management Limited.

This means higher inflation needs to be accompanied by higher real wages. While larger companies can manage this comfortably, it is small and mid-sized businesses (SMEs) that account for most employment in Japan and they will struggle to pay higher wages. Higher interest rates could also have the unwelcome consequence of accelerating insolvencies among indebted SMEs. In sum, we think BOJ rate hikes will be measured.

Console yourself – games platforms recover

The rise in Japan's soft global power continues unabated. 2025 will be an exciting year for Japan's gaming giants Sony and Nintendo, two key portfolio holdings. They are testament to the global boom in Japan's entertainment IP, where a deep library of anime and gaming content has been built over decades and has developed a large global fan base.

The rise of casual gaming on mobile devices in the past decade was seen as a threat to gaming consoles such as Sony's Playstation, Nintendo's Switch and Microsoft's Xbox. Yet in 2025, the console market remains in robust health, with a global installed base of nearly 300 million. It now appears poised for a further upswing with the imminent launch of new generation hardware (Nintendo Switch 2) and several software launches (e.g. Grand Theft Auto 6).

It should be a strong year for Sony, which looks set to benefit from an abundance of new mega-title gaming launches, notably GTA6, the highly anticipated refresh of this third-party mega-franchise. More broadly, it appears the stars are aligning for Sony as it refocuses its business portfolio with the upcoming spin-off of its financial services division.

Sony's unique combination of hardware and entertainment IP (gaming, music, anime, film) has always held promise but until now, execution has disappointed. We think the leveraging of synergies across these domains is now finally becoming clear to the market.

For Nintendo, we have the long-awaited launch of the Switch 2 console in June. This is their first new gaming console since the original Switch was launched in 2017. Pricing is competitive and in addition to the Switch exclusive titles, there are new third party titles available at launch as well as a strong pipeline of titles post launch. We think this bodes well for a strong console cycle.

Underlying this cycle however is an ongoing shift from physical cartridges to digital downloads and the introduction of subscription based gaming services. Unlike in prior cycles, Nintendo has been able to maintain strong profitability (some 8 years after the launch of Switch), as it enters this new cycle, which implies higher through-cycle profitability. We remain positive on the prospects for the business.

Outlook

Despite tariff uncertainty, we remain constructive on the outlook for Japanese shares. For much of the past year the market has moved sideways, yet underlying earnings-per-share (EPS) is growing at a double digit pace. Japan now trades on a forward PER of 12X, which we believe is undeservingly cheap given the level of earnings growth and companies' commitment to improving shareholder returns.

US tariff policies dominate headlines and are perceived to be negative for Japan exporters, particularly in the automobile sector. Over the short term, an earnings impact is unavoidable given that Japanese automakers export finished vehicles from Japan and auto parts for final assembly in the US, Mexico and Canada.

However, tariffs will likely affect the entire industry, including US, European and other Asian makers. Toyota, which we own, already produces more than half the vehicles it sells in the US in the US, largely as a result of US-Japan trade frictions in the 1980s. It has a strong balance sheet and is the leader in the booming hybrids segment. As a result it is likely to suffer less damage from US import tariffs.

Longer term, we think Japanese manufacturers will rapidly adapt to any new US tariff environment by raising local production ratios – as they have in the past. Increased manufacturing investment in the US is an outcome we are well positioned for through our factory automation holdings.

Platinum International Brands Fund

Nik Dvornak
Portfolio Manager

Overview

- The Fund benefited from holdings in Chinese tech stocks such as **Tencent** and **JD.com**. The Chinese government appears to have softened its approach to tech entrepreneurs and the sector was also boosted by the early success of DeepSeek.
- The US consumer stayed out of the shops and online marketplaces in the March quarter as political turmoil, higher taxes and lower government spending affected confidence. The US consumer has been the mainstay of global demand since Covid and weakness there played through into the Fund.
- A significant number of the Fund's holdings reported strong operational performance and good prospects but suffered share price falls as confidence weakened.

Performance

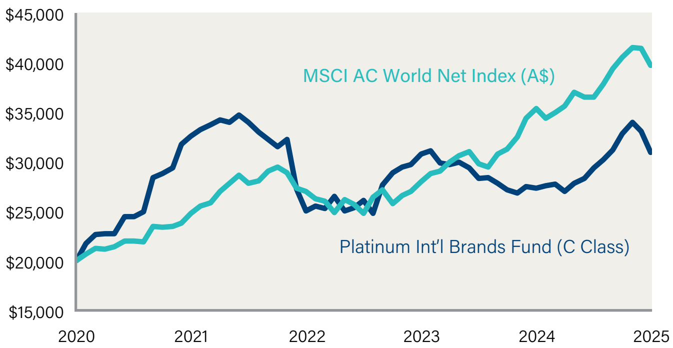
compound p.a.+, to 31 March 2025

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Brands Fund*	-6%	13%	7%	9%	11%
MSCI AC World Index^	-2%	12%	14%	15%	5%

+ 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 40. Numerical figures have been subject to rounding.

Value of $20,000 invested over five years

31 March 2020 to 31 March 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 40.

The Fund returned -5.9% over the quarter in AUD terms.

US equity markets ended the quarter sharply lower, underperforming most international markets. Throughout the quarter there were reports of softer demand by US consumers – the mainstay of global growth post-COVID. The prevailing narrative is that fiscal tightening – through both higher consumption taxes (including tariffs) and government spending cuts – is to blame. These concerns are amplified by the absence of cogent policy from the Trump Administration. The firestorm of policy tweets and lack of any roadmap is undermining investor confidence. As a result, we have seen rotation to defensive sectors like Consumer Staples, Utilities, Energy and Healthcare within US equities.

In Europe, the response to seeing the geopolitical order turned on its head has shifted from disbelief to pragmatism. This is best seen in Germany which has recanted its obstinate commitment to pacifism and fiscal discipline and passed a massive infrastructure and defence spending package. With other nations expected to follow, investors embraced European equities in Q1. The major beneficiaries were Defence, Industrial, Material and Bank stocks.

Hong Kong was Asia's standout performer, fuelled by two major developments. First, the apparent political rehabilitation of Alibaba-founder Jack Ma indicates a thawing of the government's attitude to the private technology sector. Second, the impressive performance of DeepSeek alleviated concerns around China's limitations in computing power and AI development. Technology stocks drove the market higher.

The consumer takes a hit

Our Fund seeks to invest in dominant global businesses with strong brands and sustainable competitive advantages. This results in a skew to consumer-facing businesses and a geographic exposure that largely mirrors the global economy, with the US the single largest end-market.

While there is significant variation, on average our holdings generate 40% of their sales in North America, 30% in Europe and 30% in Asia. The current sell-off is being driven by concerns over US consumer spending. We're in the eye of the storm and our performance reflects this.

While we underperformed our benchmark MSCI World Index, our performance was similar to the MSCI World Quality Index. We highlight this to explain our performance, not to excuse it.

Notable contributors to our performance include Chinese tech companies like **Tencent** (+19%) and **JD.com** (+18%), defensives like Swiss-multinational **Nestlé** (+19%) and UK financial advice network **St. James's Place** (+12%).

Detractors include German sandal-maker **Birkenstock** (-19%), Google-owner **Alphabet** (-18%), silver jewellery maker **Pandora** (-19%) and sportwear retailer **JD sports** (-29%).

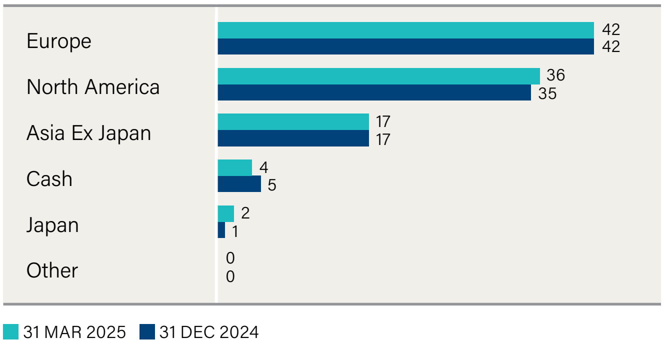
Commentary – the essentials of strategy

"If you chase two rabbits, you will catch neither"
– Russian proverb.

An effective strategy needs a single goal and a clearly defined process for achieving it. Our goal is to generate good long-term returns for our investors. Our process is to construct a portfolio of high-quality businesses with strong brands and sustainable competitive advantages while paying fair prices.

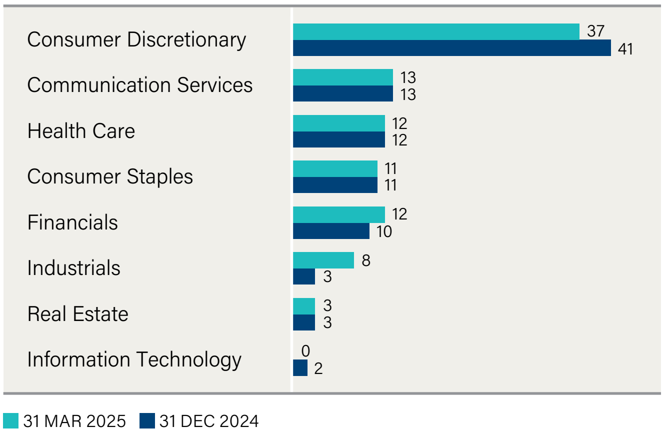
Our focus is long-term performance. We cannot always outperform the benchmark nor avoid share price falls – nor do we seek to. If we allow that temporary objective to distract us we will end up with an empty pot.

Disposition of Assets %



See note 3, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures %



See note 4, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Zoetis Inc	US	Health Care	4.2%
Industria de Diseno Texti	Spain	Cons Discretionary	4.1%
Galderma Group AG	Switzerland	Health Care	4.1%
Meta Platforms Inc	US	Comm Services	4.1%
Visa Inc	US	Financials	4.0%
St James's Place PLC	UK	Financials	4.0%
Amazon.com Inc	US	Cons Discretionary	4.0%
EssilorLuxottica SA	France	Health Care	3.7%
Haleon PLC	US	Consumer Staples	3.6%
Birkenstock Holding Plc	Luxembourg	Cons Discretionary	3.5%

As at 31 March 2025. See note 5, page 40.
Source: Platinum Investment Management Limited.

Share prices are driven by short-term sentiment but by fundamentals in the long term. Sentiment derives from human emotion and is erratic. Consequently, near-term share price falls cannot be consistently avoided. We want to own businesses that can generate an earnings stream that underpins the value of their shares in the long-term. We then put our faith in human greed to ensure that share prices ultimately reflect that value.

A slowdown in US consumer spending is a key risk for our Fund. However, it is important to remember that the market *anticipates* so some spending slowdown is already priced into our holdings. We cannot know how severe the slowdown will ultimately be but the further share prices fall, the more likely it is the market will overestimate its impact.

Careful review and considered decisions

When faced with turbulent markets and falling stock prices we yearn for decisive action. It is comforting because it gives one the illusion of control. However, these are the worst times to make bold decisions because our cognitive biases are in overdrive. It is far more difficult to sit tight and stay focused on the rabbit we are chasing. Yet we believe that is invariably the best course of action under these circumstances and it is precisely what we are doing.

This quarter we saw a remarkable pattern during earnings season. Our companies typically reported a strong end to 2024, with excellent sales growth and high profitability. On our conference calls most noted some softening in US demand as they moved into 2025 and most offered cautious guidance. The steep share price falls that followed are at odds with the actual performance of these businesses and their long-term prospects. This phenomenon is well illustrated by **Galderma**, a leading Swiss dermatology business and a major holding in our Fund.

Getting under the skin of Galderma

In 2024, Galderma grew sales by 10% and profits by 20%. Their key product, Dysport, continues to take market share from Botox. Indeed, Dysport grew 12% while Botox grew just 3%. Dysport is now half the size of Botox. Three years ago it was one-third the size. We believe they can continue to take share as they continue to innovate.

In other interesting news, Galderma's first new patented pharmaceutical product in many years was approved by the FDA and has been well received by US physicians. As set up costs fall away we expect eczema treatment Nemluvio to be meaningful profit driver in 2026 and beyond. Their skincare products continue to sell well despite fierce competition.

The only wrinkle in the result was softening demand for Fillers in the US. This was sufficient to see the stock price fall 25% over the subsequent three days, yet US Fillers account for just 10% of revenue. Secondly, their Fillers segment grew 7% in 2024 while key competitor, Juvederm, experienced a 12% fall. This highlights Galderma's capacity to grow and take market share even in difficult conditions.

Needless to say, the market is not assessing the long-term fundamental prospects of this business in a rational manner. We believe the share price move reflects general investor nervousness rather than the company's performance. Nor is Galderma unique. This pattern was repeated across our companies who reported in February and March.

We expect Galderma and our other companies to continue to post higher earnings and profitability in coming years, a potential US recession notwithstanding. For our part, we are focused squarely on the performance of the underlying businesses, not the short-term stock price. We are riding out the storm.

Outlook

Investors today are agonising over US consumer spending and a possible recession. There are other related concerns:

- Tariffs and trade wars.
- The persistence of inflation and elevated interest rates.
- Tectonic shifts in the geopolitical landscape.

This is all undermining investor confidence and, with risk appetite evaporating, markets are skittish.

In the longer-term, the debate centres on 'US exceptionalism'. Will we once again see US equities outperforming as was the case post the GFC and COVID? Or do we see a prolonged period of US underperformance like that after the Dot Com bubble blew?

This question is pertinent since US outperformance following the GFC has resulted in a tremendous concentration of capital in US financial markets. There is a real tension here. On the one hand, investors are worried about the severity of a US correction. Conversely, they are desperate not to miss out on the US outperformance they are conditioned to expect.

Perhaps surprisingly, this tension can be welcome – it can provide the opportunity to buy great companies at fair prices. While we are not immune to short-term volatility, we believe the businesses we own will continue to thrive and generate handsome returns for their owners.

It is easy to crave decisive action in turbulent times. Yet if one takes decisive action every time something happens, those actions morph into the flailing of a drowning man. This is the time for cold calculation not emotional overreaction. Sitting tight is less glamourous. But we are sitting tight, reviewing businesses' fundamentals and looking for opportunities.

Platinum International Health Sciences Fund

Dr Bianca Ogden
Portfolio Manager

Overview

- It was a difficult quarter for the Fund with the regulatory uncertainty caused by wholesale changes at the US FDA suggesting new therapies may take longer to approve.
- The Fund has significant exposure to companies with products on the shelves however we also had significant holdings in companies developing new therapies. This has affected performance.
- We continue to see multinational companies licensing Chinese biotechnology assets. Paradoxically, changes in US regulation may boost Chinese-owned biotech businesses.

Performance

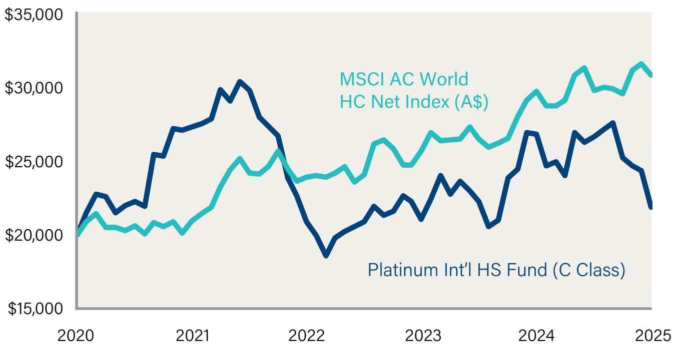
compound p.a.+, to 31 March 2025

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l HS Fund*	-13%	-19%	2%	2%	8%
MSCI AC World HC Index^	4%	4%	9%	9%	10%

+ Excludes quarterly returns.
* C Class – standard fee option. Inception date: 10 November 2003.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI All Country World Health Care 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 40. Numerical figures have been subject to rounding.

Value of $20,000 invested over five years

31 March 2020 to 31 March 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 40.

The quarter ended with extreme turbulence in the therapeutic healthcare sector. US Biotech had a major sell off in reaction to the rapid and myriad changes happening at the US FDA (Food and Drug Administration), perhaps the most important regulatory agency in the world in the sectors we work in. It feels like early 2020 when oil sold off heavily at the start of the pandemic and the world thought we would never travel again. Of course we did start travelling again – and the biotech and pharma sectors will recover – but that's not to discount the short term pain we're seeing.

Restructuring at the FDA has been happening since the US election but until recently disruptions appeared limited and approvals were running on time.

However, in late March the highly respected Dr Peter Marks resigned from his position as head of the Centre for Biologics Evaluation and Research. This followed further news of senior departures from the agency. The result was a dramatic biotech sell off based on fear that the FDA will no longer approve new therapies – or at least that it would take significantly longer to do so.

Many investors may not even realise the damage that has occurred as the various sector indices do not reflect it. The MSCI World Healthcare Index top 10 is made up of large cap pharma (about 45% of the index). There are no smaller biotechs in this index and Eli Lilly makes up a full 9% of the index.

Another key index, the XBI, represents the biotechnology segment of the S&P Total Market Index. However, since its rebalancing last year, it also favours large caps, so does not reflect the true extent of what has happened in recent months. The index that does is the Virtus LifeSci Biotech Clinical Trials ETF. This ETF reflects what's happening to the smaller biotechs working on next generation therapies. It's down 40% over the past year and almost 30% in Q1 2025.

The changes at the FDA have been rapid, very public and created significant uncertainty. Investors are seeking safe havens away from anything that has R&D and approval risk associated with it.

On the flipside, Chinese biotech is gaining attention thanks to licensing deals with multinationals. VC firms and bankers from outside China are scouring for assets. As we pointed out in the last Quarterly, the competition from China is real and Chinese biotechs' ability to generate clinical data more quickly and cheaply is particularly striking (albeit the ultimate financial returns of these deals for Chinese biotech companies appears less striking).

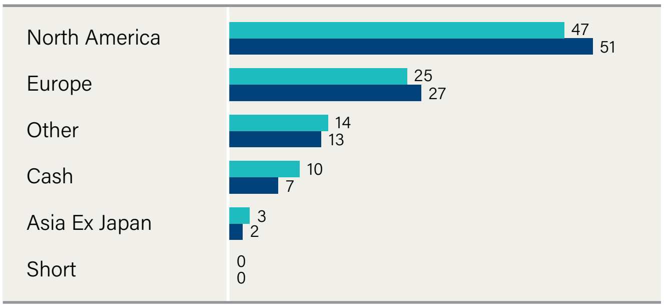
Where will it end? At this rate the market implies that US approvals of new therapies are doomed, while R&D activity in the US is set to decline with China making up the slack. This scenario is unlikely to come completely true. However, the US biotech sector has become crowded with many companies working on similar targets and the continuous flow of new companies may mean there are simply too many companies competing in the same fields for the same amount of capital. Something has to give.

Early clinical trial work has been moving outside the US as it is now more straightforward to do. Australia has been a place of choice to do phase 1/2a clinical trials.

With this backdrop in mind, the Fund has struggled given its focus on biotech companies. The Fund is invested in major pharma companies such as **Johnson & Johnson**, **Sanofi**, **Roche** and **Astra Zeneca**. We also hold **Lonza**, a Swiss company that is a global leader in biologics manufacturing. We hold many other commercial stage companies (almost 40% of the portfolio).

However, we also hold companies working on next generation therapies. These companies are well funded and have had positive data but that is seen today as a selling signal. Fundamentals have gone out of the window.

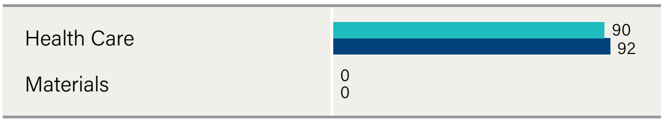
Disposition of Assets %



31 MAR 2025 31 DEC 2024

See note 3, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures %



31 MAR 2025 31 DEC 2024

See note 4, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Syntara Ltd	Australia	Health Care	6.2%
Imricor Medical Systems Inc	US	Health Care	5.4%
Roche Holding AG	US	Health Care	4.5%
Johnson & Johnson	US	Health Care	3.8%
Oxford Nanopore Technologies Plc	UK	Health Care	3.6%
Beigene Ltd	China	Health Care	3.5%
SpeeDx Pty Ltd	Australia	Health Care	3.5%
Sanofi SA	US	Health Care	3.3%
Roivant Sciences Ltd	US	Health Care	3.2%
Centessa Pharmaceuticals PLC	US	Health Care	2.4%

As at 31 March 2025. See note 5, page 40.
Source: Platinum Investment Management Limited.

During the quarter we exited or trimmed a number of holdings to increase our cash levels to around 10%, while we have added to investments, including **Imricor**, **Springworks** and **Immunovant**. All of them have sound commercial prospects.

Commentary – changing how we look at the heart

A visit last year to a prominent cardiovascular centre for a parent's abnormal heartbeat in Germany brought home how in demand cardiovascular centres are. The waiting room was full of young and old, fit and unfit patients. The diagnostic procedures were like a production line and the therapeutic interventions that followed were also akin to a well-run factory. Our heart is a piece of muscle that needs blood to function and the electrics to work in perfect harmony so we don't end up with a heart attack or stroke.

Imaging has come a long way in detecting imbalances and issues. We can now insert new valves without opening up the chest and we insert small mesh wires coated with drugs to prop up arteries on a routine basis. This is exceptional progress – and important to many people.

However, when it comes to our heart going out of beat, a patient's experience is often long and fraught as the abnormal heart beat keeps returning. The therapeutic journey often starts with controlled electrical shock under sedation (electrical cardioversion). Unfortunately this rather crude approach frequently fails to deliver and the patient goes on to minimally invasive catheter ablation.

Here a catheter delivers energy that causes scars in the areas of the heart that are misfiring, thus blocking faulty heart signals. Despite a lot of 3D mapping of the heart using special mapping catheters guided by X-ray, the arrythmia often returns.

In basic terms, while 3D heart mapping and subsequent ablation procedures have come a long way using X-ray fluoroscopy visualisation, the procedures are not done in real time so as to give the cardiac specialist the optimal data and tool set. The lesions are not properly generated or the wrong ablation target is selected.

Imricor, a US medical device company listed on the ASX is looking to change this. It's bringing MRI imaging to the forefront for catheter ablation (ie to the electrophysiology lab of the cardiology department), allowing real-time anatomical and electrophysiological imaging.

The company had to come up with MRI compatible equipment and consumable devices and software that integrates the respective data sets. They have to work with cardiac specialists and partner with MRI vendors. These are not easy things to do, particularly when disrupted by a pandemic.

However, an absolutely dedicated and humble CEO, Steve Wedan, kept at it and today is gaining traction with the MRI vendors, the specialists and hopefully, the regulatory agencies. It is a gradual journey that has the potential to change the way a cardiologist looks at the heart. As usual the journey requires clinical outcome data in different types of abnormal heartbeats to convince hospitals to make the necessary investment. Imricor is well on its way, doing all the relevant studies. Over time we should see more interventional Cardiac Magnetic Resonance centres emerge.

In studies we are seeing that the efficacy has been superior and the time it takes to do the procedures is much faster vs the X-ray guided approach. As we all know, time is money.

Outlook

As we outlined above there are a lot of regulatory and market changes afoot. Pharma and biotech companies will continue to voice their opinion on the changes, while adapting by diversifying their pipelines.

Some optimists are arguing that despite all the doom and gloom, the change at the FDA, while painful in the short term may create an opportunity for the agency to reset and emerge more efficient.

Meanwhile, the biotech sector is truly in the doldrums. On an EV/sales basis, the sector trades on historical low valuations at levels that usually coincide with a recession. This can create opportunities for very selective investors.

We are seeing increased competition in weight management with Roche recently having entered an alliance with Zealand Pharma to make its push for combination products to tackle cardiometabolic conditions. We are awaiting data on Eli Lilly’s oral molecule, which originated at Chugai, a Roche affiliate.

Platinum International Technology Fund

Jimmy Su
Portfolio Manager

Overview

- Tech stocks struggled this quarter, and the Fund declined 9.6%. Investor caution around future AI capital expenditures weighed on key holdings, including **Broadcom** (-30%), **Alphabet** (-18%), and **Microsoft** (-11%) as well as new positions in **Nvidia** and **Arista**. **Amazon** also fell ~13% as tariff concerns raised fears of weaker consumer spending.
- We misjudged the quality and durability of **Trade Desk's** earnings. The company reported much weaker results than we had expected and was a ~70bps drag on performance. On the positive side, defensive holdings such as **Veeva** (+10%), **Visa** (+10%), **Mastercard** (+4%), and **SAP** (+9%) held up well. The short book also added ~40 basis points to total returns.

Performance

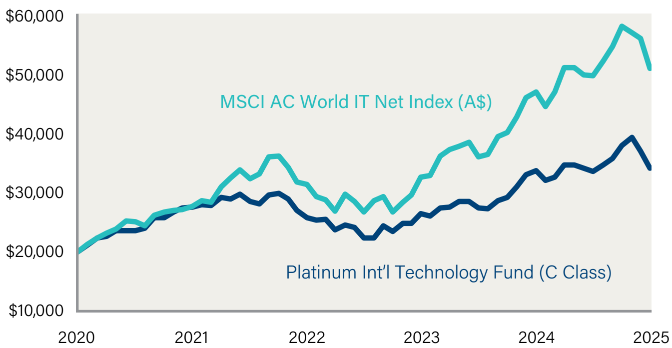
compound p.a.+, to 31 March 2025

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Tech Fund*	-10%	2%	10%	11%	10%
MSCI AC World IT Index^	-12%	9%	18%	21%	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 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 40. Numerical figures have been subject to rounding.

Value of $20,000 invested over five years

31 March 2020 to 31 March 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 40.

We made several key changes to the portfolio:

- We took advantage of market volatility to build a 4% position in GPU maker **Nvidia** at a relatively attractive price. Nvidia is effectively a monopoly on selling GPUs for AI training and inferencing.
- Similarly, we bought a ~2% position in **Arista Networks**. The company makes high performance networking hardware and software for datacentres and enterprises and fits into our entrenched hardware business model. It's likely AI driven demand for networking infrastructure will drive another phase of profitable revenue growth. That potential is not priced in – the company is currently priced at ~31x PE – roughly in line with its long term averages.
- We funded these positions by trimming **Meta** and **Google**. It's likely both companies will increase AI capex to match OpenAI's spending. Given market scepticism around monetisation and ROI on AI capex, that increase could be negatively perceived by investors.
- We exited our positions in **Nice Ltd.** and **Trade Desk** following weaker-than-expected earnings reports. Despite further research, we were unable to gain full clarity on the drivers on the poor results, nor could we mount a confident case that the weakness was temporary.

The portfolio exposure based on the Quality / Growth matrix are as follows:

Portfolio exposure (positions >1%)

BUSINESS QUALITY	GROWTH POTENTIAL			
		LOW POTENTIAL	AVERAGE POTENTIAL	HIGH POTENTIAL
	BEST IN CLASS	4%	30%	7%
	ABOVE AVERAGE	2%	31%	16%
	AVERAGE	–	–	–
	BELOW AVERAGE	–	–	–

Source: Platinum

Key portfolio holdings

BUSINESS QUALITY	GROWTH POTENTIAL			
		LOW POTENTIAL	AVERAGE POTENTIAL	HIGH POTENTIAL
	BEST IN CLASS	Visa	Google, Meta, Microsoft, ASML, Cadence, Synopsys, Mastercard, Adobe	Autodesk, SAP
	ABOVE AVERAGE	Texas Instruments, Analog Devices, Siemens	Netflix, TSMC, AMAT, Broadcom, Lam Research, Constellation, Tokyo Electron, Amphenol, Block	Amazon, Veeva, Adyen, Uber, PTC, Coupang
	AVERAGE	–	–	–
	BELOW AVERAGE	–	–	–

Source: Platinum

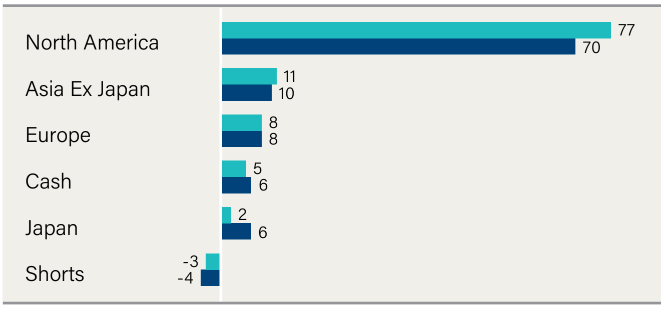
Commentary – the Nvidia quandary part II

Over the past two years, we have been reluctant to invest in Nvidia. As outlined in our Oct 2023 webinar and December 2023 quarterly, we worried about the medium term demand for GPUs. Whilst generative AI is a promising technology and Nvidia is undisputedly a strong business, uncertainties around use cases, business models and adoption kept us cautious. We thought that after a period of high investment by the industry and very little profit to show for them, big tech customers would pull back and private market funding dry up, reducing demand for GPUs.

Over the past quarter, the market narrative flipped and began to align with ours. Whilst underlying demand remained strong and big tech and OpenAI committed to even larger capex spending, Nvidia and other AI-capex names sold off. This was triggered by concerns that China's DeepSeek's ability to train comparable models at much lower cost will significantly reduce industry capital intensity. As often happens, this fuelled bearish commentary on the sustainability of AI capex given the lack of profits. We took advantage of the sell off to buy a ~4% position in Nvidia as we believe the asymmetry in the case is now more favourable. Three key factors drove our shift of view.

First, through industry discussions and by listening to commentary from industry participants we've become more open to the view that our focusing on short term profits is not the same lens in which industry participants view genAI's potential.

Disposition of Assets %



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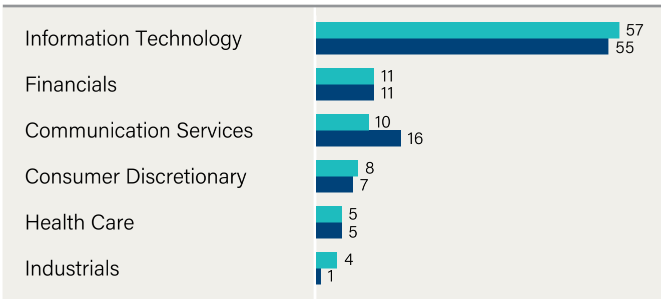
Source: Platinum Investment Management Limited.

Net Sector Exposures %



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Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Amazon.com Inc	US	Cons Discretionary	6.0%
Broadcom Inc	US	Info Technology	5.8%
Microsoft Corp	US	Info Technology	5.5%
Veeva Systems Inc	US	Health Care	5.4%
SAP AG	Germany	Info Technology	5.1%
Constellation Software	Canada	Info Technology	5.0%
Taiwan Semiconductor	Taiwan	Info Technology	4.9%
Netflix Inc	US	Comm Services	4.8%
Mastercard Inc	US	Financials	4.4%
Visa Inc	US	Financials	4.4%

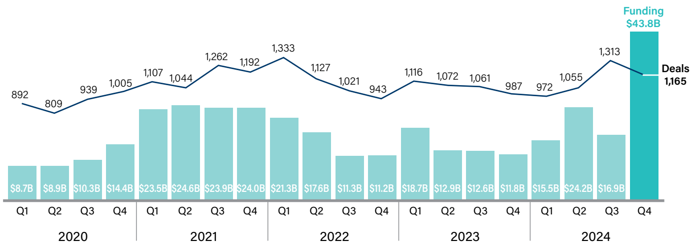
As at 31 March 2025. See note 5, page 40.
Source: Platinum Investment Management Limited.

OpenAI and other emerging competitors see AI as a way not just to disintermediate Google's search business, but other consumer services as well. If you can ask ChatGPT to call a ride share, this would commoditise Uber vs Lyft and grant OpenAI a larger share of the economics. To do so requires them to play the long game supported by large sums of capital. Incumbents like Apple, Alphabet and Meta view this threat as existential, making their continued investments a necessity.

So we see a scenario where big tech significantly increase AI related capex. OpenAI's announcement that they will spend ~$500bn over four years combined with private markets pouring even more capital into private AI companies (see chart below) will likely trigger more spending from Alphabet and Meta. Apple, who currently lag in AI investment, may be forced to accelerate efforts given the underwhelming performance of Apple Intelligence. With a combined ~$220bn in free cash flow and the ability to leverage their balance sheets, these companies have the ability to spend.

AI could also become a geopolitical issue with governments subsidising these capex investments, in the same way hundreds of billions subsidised the semiconductor industry over the past decade.

Quarterly equity funding & deals



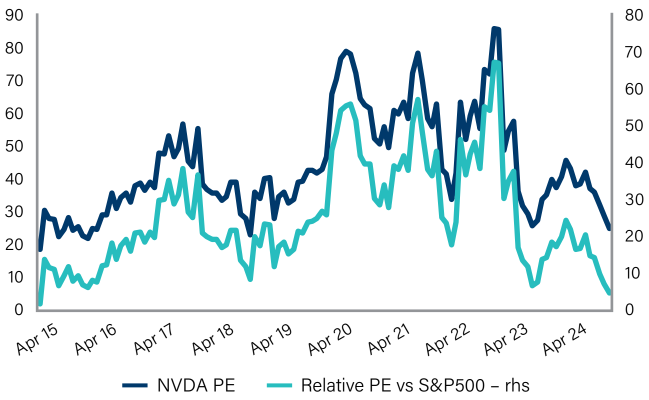
Source: CB Insights

Second, we are more open to the view that we are at the beginning of the product roadmap and a new generation of sophisticated tools will see faster adoption and monetisation as their usefulness improves. This should drive long term growth in inferencing driven by faster adoption curves for new workloads as well as increasing compute intensity of each workload New AI tools released over the past three months demonstrates this change.

- Adobe's AI-powered text-to-video tools have the potential to streamline tedious video editing workflows and disintermediate the stock video industry.
- OpenAI's Deep Research – an AI agent which autonomously browses the internet and compiles long form reports – is another promising development. As heavy users ourselves, we see its potential to replace tasks typically performed by interns or junior analysts.

Third, market scepticism is now reflected in Nvidia's valuations. The stock is now trading on ~25x fwd. PE, close to all-time lows on an absolute and relative basis. So the market pricing in either a ~40% decline in earnings (back to long-term mid cycle PE of ~40x), or a meaningful deceleration in growth to levels seen in FY14 and FY18. We are more optimistic than either of the two scenarios.

Nvidia: comparative valuation



Source: Platinum

Where could we be wrong? First, we could be wrong about industry participants' views as our conclusions were based on observations and interpretations. None explicitly spelt out the threats nor would we expect them to. Our case also hinges on public and private markets' appetite to fund these grand ambitions. Typically the appetite for funding capital intensive science projects dies during recessions. Non-conventional financing (e.g. Coreweave uses GPUs as collateral to borrow money to buy more GPUs) also dies off.

To provide some downside protection, we increased short exposure to more commoditised, low value parts of the value chain, to 'hype' stocks and companies who generative AI is disrupting (e.g. stock photo/video library businesses). If we are wrong on our core thesis, these names should provide us with some downside protection. If we are correct, Nvidia should outperform and grow earnings faster because it captures the majority of profits in the value chain.

Outlook

We are writing the morning after the US tariff announcement so the thoughts below are initial. Our portfolio can be categorised into three groups:

- Stocks where the *direct impact of tariffs is small* and there is *uncertainty* about future prospects including software companies like Microsoft (~40% of Fund) and domestic focused consumer platforms and services like Uber or Netflix (~25% of Fund). Most of these stocks are down 5 – 10% over the past month.
- Stocks where the *direct impact of tariffs is small* but there is *more uncertainty*. This include semiconductors and semi capex companies (~30% of the Fund). Both are exempt from tariffs but geopolitical uncertainty may impact growth in demand for high semi-content products like cars, mobile phones, servers and PCs. Most of these stocks are down 10 – 15% over the past month.
- Stocks where the *direct impact of tariffs is high* and there is *more uncertainty* about the future. This group makes up less than ~5% of the Fund and consist of real-world businesses like Arista and Siemens where there is a material mismatch between US revenues and US production. Most of the stocks in this group are down between 15 – 20% over the past month.

We are not macro economists and our decisions are based on bottom up assessments of companies, value chains and industries. We think the companies we own may be better insulated than average companies given most are mission critical, generate high value add and are in dominant positions, with the pricing power to flex up and down the supply chain to protect profits.

Take Amazon. Given the number of competing merchants on the platform, it's likely they will absorb the impacts of the tariffs as opposed to passing them on to consumers or Amazon.

We are trimming some of our semi capex exposures and rotating them into Electronic Design Automation software (software for chip design). Whilst we give up some of the upside if the cycle turns, we also have more downside protection as semi software spend is generally more durable vs capital spending.

We are waiting for attractive entry points on three types of stocks.

- Companies who have sufficient pricing power to offset tariff impacts – Apple is the obvious example.
- Companies who benefit from further de-globalisation of supply chains such as Texas Instruments which operates most of its fabs in the US.
- High quality/high growth companies with idiosyncratic drivers that have sold off recently along with the rest of the market. Intuitive Surgical is one example.

For the past year, we emphasised the need to be cautious amidst market exuberance and high valuations. Today, the situation is opposite. The market is fearful and valuations have retraced. This presents a great opportunity to own high quality businesses with high growth prospects at reasonable prices, thus increasing the likelihood of good returns over the medium term.

FOMO, TINA and TAPA

An acronymic guide to a regime shift in global markets

FOMO: Fear of Missing Out

To be a global share investor over the past 20 years was to see the exceptional become ordinary. Sharemarket outperformance typically shifts from the USA to the Rest of the World and back every four years. In this latest cycle, US dominance lasted a full 14 years.

FOMO crowded investors into American shares. As a result, the US, with 4% of the global population, at one point claimed nearly 70% of world sharemarkets' value.[1]

TINA: There Is No Alternative

Was that crowding illogical? If you believe in diversification (and you should) it probably was. But in the decade to end March 2025,[2] take the US out of global markets and you cut your average return from 9.8% p.a. to 6.9% p.a.

The picture is starker if we look at the Magnificent Seven.[3] Over that same period those elite US technology stocks returned an average 36% p.a.[4] There seemed no alternative to the US and the Magnificent Seven.

TAPA: There Are Plenty of Alternatives

We are now at a turning point.

In the first quarter of 2025 – even before President Trump's Liberation Day tariff shock, the Mag Seven were already down 15%, with Tesla off 30%.

As investors around the world adjust to President Trump's full-tilt attempt to bring manufacturing 'back home' we're likely to see an uptick in US inflation and slowing growth. There will be a shakeout in the world trading system. It's likely US dominance will end. New market leadership will emerge.

Suddenly there **are** alternatives to US stocks:

- A year ago some commentators were calling China "uninvestable". Since then, China's drip-feed stimulus efforts have gained momentum. DeepSeek is challenging the narrative of US AI supremacy.
- Asia is growing solidly and the domestically-focused companies Platinum invest in are delivering excellent operational results. The tariff-tantrum correction means attractively priced shares may become even better value.
- Europe is finally focusing on reform and Germany is pumping massive amounts of money into the economy and defence.[5]

When the markets' over-arching theme shifts, it rarely turns in one clear direction. It's important to have investments spread across quality, well-priced assets in a range of markets. That's how Platinum's International Fund is positioned today.

For more on the Platinum International Fund, see our **Fund** page.

Want to **invest** with Platinum?

1 www.worldometers.info/world-population/us-population/

2 By comparing the MSCI AC World Index to the MSCI AC World Index – ex USA. Unless otherwise noted, returns are sourced from Factset, in local currencies, to end March 2025.

3 Apple, Microsoft, Alphabet, Amazon, Nvidia, Meta and Tesla.

4 Magnificent Seven data from PortfolioLabs to 29/03/25.

5 See our article *Europe 2025: Don't waste a crisis* for more on Europe's shift.

Highlights from The Journal

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 crisis[2]

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 others[3]

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 margins[4]

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

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

Some light relief

"As expected, your shares of 'de ja vu' are rebounding, again."

CartoonStock.com

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 of the Fund 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. Where applicable, 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, 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 graph includes cash at bank, cash payables and receivables and cash exposures through long derivative transactions.
4. The graph 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".

   The Platinum Global Fund (Long Only) does not undertake any short-selling of stocks or indices. As a result, its net sector exposures through its securities positions and securities/index derivatives positions are its sector exposures through its long securities and long securities/index derivatives positions.
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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Platinum Asset Management is a Sydney-based manager founded in 1994 and specialising in international equities.

The investment team uses a thematic stock-picking approach that concentrates on identifying out-of-favour stocks with the objective of achieving superior returns for our clients. We pay no heed to recognised indices. We aim to protect against loss and will hedge stocks, indices and currencies in our endeavours to do so.

Platinum now manages around A$10 billion on behalf of its investors. Platinum's ultimate holding company, Platinum Asset Management Limited (ASX code: PTM), listed on the ASX in May 2007.

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