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

30 JUNE 2024

FEATURE ARTICLE

UNTRAPPED POTENTIAL. Why Asia still has room to grow.

Some experts think Asian economies could fall into the 'middle-income' trap. There are good reasons to think it won't happen.

ALSO INSIDE

Investment ideas and how we find them

Douglas Isles, Head of Investment

Contents

Performance Returns

to 30 June 2024

FUND (C CLASS – STANDARD FEE OPTION) (P CLASS – PERFORMANCE FEE OPTION)	PORTFOLIO VALUE A$ MIL	QUARTER	1 YEAR	2 YEARS COMPOUND P.A.	3 YEARS COMPOUND P.A.	5 YEARS COMPOUND P.A.	SINCE INCEPTION COMPOUND P.A.	INCEPTION DATE
Platinum International Fund (C Class)	**5,304.1**	**-1.3%**	**4.8%**	**9.3%**	**4.0%**	**6.3%**	**11.2%**	**30 Apr 1995**
Platinum International Fund (P Class)	23.1	-1.3%	5.1%	9.5%	4.2%	6.6%	6.6%	03 Jul 2017
MSCI All Country World Net Index (A$)		0.5%	19.0%	19.7%	9.6%	11.9%	7.8%	30 Apr 1995
Platinum Global Fund (Long Only) (C Class)	**157.3**	**-1.8%**	**6.1%**	**14.2%**	**2.9%**	**6.4%**	**9.8%**	**28 Jan 2005**
Platinum Global Fund (Long Only) (P Class)	2.5	-1.7%	6.3%	14.4%	3.1%	6.6%	7.0%	03 Jul 2017
MSCI All Country World Net Index (A$)		0.5%	19.0%	19.7%	9.6%	11.9%	8.6%	28 Jan 2005
Platinum Asia Fund (C Class)	**2,140.4**	**2.4%**	**4.9%**	**3.5%**	**-2.9%**	**5.8%**	**12.2%**	**04 Mar 2003**
Platinum Asia Fund (P Class)	8.9	2.5%	5.2%	3.8%	-2.6%	5.8%	6.3%	03 Jul 2017
MSCI All Country Asia ex Japan Net Index (A$)		4.7%	12.5%	7.2%	-2.0%	4.5%	8.9%	04 Mar 2003
Platinum European Fund (C Class)	**274.1**	**-3.3%**	**3.3%**	**11.7%**	**3.3%**	**4.3%**	**10.2%**	**30 Jun 1998**
Platinum European Fund (P Class)	3.1	-3.2%	3.6%	12.0%	3.6%	4.6%	5.5%	03 Jul 2017
MSCI All Country Europe Net Index (A$)		-1.6%	11.6%	18.6%	7.2%	7.6%	4.1%	30 Jun 1998
Platinum Japan Fund (C Class)	**290.5**	**-8.1%**	**-3.3%**	**6.9%**	**1.8%**	**3.6%**	**12.1%**	**30 Jun 1998**
Platinum Japan Fund (P Class)	9.7	-8.1%	-3.1%	7.2%	2.1%	3.8%	4.8%	03 Jul 2017
MSCI Japan Net Index (A$)		-6.5%	12.8%	17.3%	6.4%	7.7%	3.8%	30 Jun 1998
Platinum International Brands Fund (C Class)	**293.9**	**-1.2%**	**-9.1%**	**1.0%**	**-7.6%**	**3.7%**	**10.5%**	**18 May 2000**
Platinum International Brands Fund (P Class)	1.3	-1.1%	-8.9%	1.3%	-7.4%	4.0%	4.9%	03 Jul 2017
MSCI All Country World Net Index (A$)		0.5%	19.0%	19.7%	9.6%	11.9%	5.1%	18 May 2000
Platinum International Health Sciences Fund (C Class)	**345.3**	**-10.5%**	**5.6%**	**10.2%**	**-7.0%**	**6.8%**	**9.0%**	**10 Nov 2003**
Platinum International Health Sciences Fund (P Class)	9.4	-10.4%	5.8%	10.5%	-6.7%	6.4%	7.6%	03 Jul 2017
MSCI All Country World Health Care Net Index (A$)		-2.0%	10.3%	9.8%	7.9%	10.7%	9.6%	10 Nov 2003
Platinum International Technology Fund (C Class)	**122.0**	**3.1%**	**25.9%**	**21.1%**	**6.0%**	**13.4%**	**10.1%**	**18 May 2000**
Platinum International Technology Fund (P Class)	5.7	3.2%	26.2%	21.4%	6.3%	13.7%	12.3%	03 Jul 2017
MSCI All Country World IT Net Index (A$)		8.8%	37.2%	38.0%	18.2%	24.4%	6.0%	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.

Untrapped potential.

Why Asia still has room to grow.

After decades of growth, some worry Asian economies could fall into the 'middle-income' trap. There are good reasons to think it won't happen.

The rise of Asia is one of the seismic socioeconomic trends of the past 40 years. It changed – and extended – the lives of hundreds of millions of people.

It's also created real wealth for investors – the MSCI Asia ex Japan Index is up 8% pa. since launching in 1987.[1] Platinum's Asia Fund is up on average 12% pa. since inception in 2003.

However, some economists and investment analysts worry Asia is in danger of falling into the "middle-income trap."

The theory of the middle income trap posits that after a long-period of above average, export-led growth driven by cheap labour, middle-income countries in Asia get trapped between new, even lower-cost competitors and technologically-advanced economies like the US and Europe.

Why Asia escapes

1. Asia is not a technology laggard

A key element of middle-income trap theory is that mid-income countries can't continue to grow their income in the same way as high-technology economies like the US and Europe. Asia's evolving technology capability should ease that worry.

Taiwan, for example, is home to perhaps the most sophisticated chip-making business in the world. After years of developing unique intellectual property, TSMC, (Taiwan Semiconductor) is now the foundry trusted by Nvidia, Apple and Google to make the super-complex chips required to churn through vast datasets and enable the AI revolution. It is a significant holding in the Platinum Asia Fund.

Platinum has a position in South Korea's SK hynix – the 6th largest semiconductor business in the world by sales. Samsung, a long-term holding in the Asia Fund, is both a semiconductor player and one of the world's leading consumer electronics businesses.

When the US tightens, Asia slows.

According to Cameron Robertson, Portfolio Manager for Platinum's Asian Strategies, it's not the middle-income trap that's been limiting Asian sharemarket gains in recent years.

"Typically, when you see a tightening cycle in the US, emerging economies get hit," says Cameron. "When you can get 5% in US treasuries it's an easy option. But US treasuries don't give you diversification and access to the long-term growth we think is available in Asia."

Cameron says the move out of Asian markets and into US assets is partly a throwback to the days when developing Asian economies and their sharemarkets were both riskier due to large fiscal and trade deficits. Today many Asian economies are in a much healthier position with respect to their current account and their budgets are under control.

1 Source: Factset, in AUD, to 30/6/24.

Many of the world's largest e-commerce platforms are Asia based. The Temu platform is targeting $US60 billion in sales this year. It's owned by PDD Holdings, a holding in the Platinum Asia Fund.

JD.com – another leading e-commerce brand from China and another holding, is growing solidly and made a net profit of US$3 billion last year.

Asia is a centre for innovation. The World Intellectual Property Organisation ranks the world's most important 'Science and Technology hubs' – the areas where the highest density of inventors and scientific authors are located. In its 2023 ranking the leading hubs – Tokyo–Yokohama, Shenzhen–Hong Kong–Guangzhou, Seoul, Beijing and Shanghai-Suzhou – were in Asia. China now has highest number of these technology clusters.[2]

Perhaps most importantly, technology firms are expanding throughout Asia. TSMC is building a plant in Singapore. Thailand and Indonesia are building electric vehicles for Chinese, Japanese and Korean car companies.

2. Trade continues to boom

The growth in intra-regional trade is another reason to believe Asian growth can roll on. The Regional Comprehensive Economic Partnership (RCEP) is an Asian free trade agreement that first took effect on 1 January 2022. It's the largest trade bloc in history, linking a market of 2.2 billion people.[3]

3. An expanding middle-class can be healthy

According to the UN Development Program,[4] the rise of Asia lifted 1.5 billion people out of poverty, with China accounting for half that number. It also lifted millions into the middle class. Today, more than 50% of Asians are part of the middle class.

Serving that middle class is a core theme for the Platinum Asia Fund. A prime example is Korea's Coway, which specialises in water and air purifiers. "That's a big issue in parts of Asia," says Cameron Robertson. "As people get wealthier they prioritise their family's health and lifestyle." Coway is well established in Korea and now increasing market share in Thailand and Malaysia.

In Indonesia, we're investing in a company called MAP Aktif, the dominant sports retailer in a demographically young country with an economy growing 5% a year. Map Aktif has around two thirds of the domestic sports market. Because of regulations around local partners and access to retail space, it's the partner-of-choice for global clothing companies wanting to capture Indonesian consumers.

"They've got very good corporate governance and top notch management information systems, so you know what's happening in the business," says Cameron. "Because they're so dominant, they can get great terms in major malls and that reinforces their bottom line."

One of the classic signs of a booming middle class is rising property prices. In India, Platinum invested in the Initial Public Offering of Macrotech, a Mumbai-based developer of high-end residential homes and apartment complexes. When we bought in, the Indian property market had been stagnant for five years and the IPO was attractively priced.

Macrotech's share price is up 35% pa. over the past five years and it's trading on a PE of 74x.[5] As a result we've started trimming our position and allocating our capital to better value opportunities – like Indonesian property.

2 www.wipo.int/global_innovation_index/en/2023/

3 Source: *How ASEAN Can Use Its Trade Advantage to Power Ahead*, BCG, May 2023.

4 See: www.undp.org/china/blog/rethinking-growth-asia-and-pacific

5 Source: Factset, local currency, June 30 2024.

Indeed, the Indonesian property market now looks similar to India five years ago. "There are retail and residential developers trading very cheaply," says Cameron Robertson. "That's an opportunity for us because their core customers – Indonesia's middle class – is getting larger and feeling more confident about the future."

The China story

Intriguingly, it is the great engine of Asian growth, China, that today looks closest to fulfilling the middle-income prophecy. Following 30 years of growth at close to 10% a year, its economy has slowed sharply.

China is struggling with the aftermath of a property crash. Long-run economic analysis suggests property slumps cut much deeper than their sharemarket cousins. They affect more people and do more damage to construction activity and consumer demand. And that's definitely visible in China today.

The Platinum view on China hinges on two interconnecting premises:

1. The overall economy should recover when Chinese property recovers and that will happen when the government puts a floor under that market. Despite numerous policy initiatives, that floor is still not in place.
2. However, China is still a massive and growing economy and there are companies in a variety of industries that are profitable, well-managed and growing. Thanks to the property hangover, you can buy them at compelling valuations.

In previous quarterlies we've discussed our holding in big Chinese stocks that fit the above criteria – like ZTO (e-commerce delivery), Trip.com (online travel)[6] and CATL (batteries).

We're also finding opportunities in consumer digital businesses. We recently bought into Meitu, China's biggest photo editing app. "It has a user base of two hundred and fifty million. Plus an expanding business in photo, presentation and graphics editing for business that's like a Chinese Canva," says Cameron. "There are 10 million small businesses using that app already".

What all these Chinese businesses have in common is a distinct, profitable position in large business segments. We prefer these businesses over more export-oriented names as they could thrive even if geopolitical shifts place punitive tariffs on Chinese exports.[7]

Asia – why now?

Thanks to growing intra-regional trade, a rapidly growing middle class and ongoing investment in technology, Asia is likely to step over the middle-income trap – especially if government moves help China resolve its property issues.

The World Economic Forum says Asia will "remain the motor of the global economy" in 2024 and beyond.

Given share prices have stagnated over the past few years, that means there is still time for investors to capture the upside of Asian growth by investing in high quality but undervalued companies. ■

6 For an in-depth look at trip.com see our article: [Passports to profit?]

7 For more on how geopolitics is influencing markets see our video: [Geopolitics and investing in 2024]

Platinum International Fund

Clay Smolinski
Portfolio Manager

Andrew Clifford
Portfolio Manager

Overview

- After a short period where the sources of market returns appeared to be broadening out, the tech sector returned to dominance. In AUD, the global technology index rose 9% this quarter. Eight of the remaining 10 sectors fell.
- Our AI-related holdings did well with **TSMC** and **Broadcom** up around 20%. There are clear signs that AI-related functionality will be the new method of differentiation in the smartphone space and this is a positive for our DRAM[1] holdings.
- Performance was affected by falls in our French holdings due to election uncertainty. More importantly, efforts to 'fix' Chinese property have yet to fully take hold. We believe that stabilisation of the property market, when it comes, could be highly beneficial for our portfolio. We also think some key holdings 'left-behind' by the market's big tech focus have plenty of room for growth and potential for strong returns.

1 Dynamic Random Access Memory – a type of memory used in PCs and smartphones.

Performance

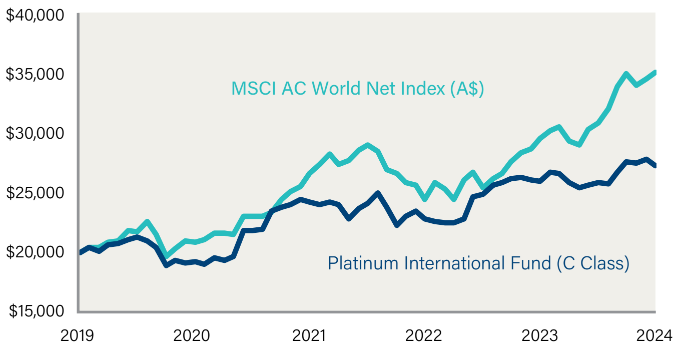
compound p.a.+, to 30 June 2024

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Fund*	-1%	5%	4%	6%	11%
MSCI AC World Index^	0%	19%	10%	12%	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

30 June 2019 to 30 June 2024



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 fell 1% over the quarter, while returning 5% over the financial year.

In the March quarter we saw hints that markets were starting to broaden out. These were reversed this quarter with technology stocks again blitzing all other sectors. Measured in Australian dollars, the global technology index rose 9%. Eight of the remaining 10 sectors posted declines.

This narrow market leadership can be seen in the MSCI All Countries Equal Weighted Index[2] (-3%), MSCI Value Index (-3%) and MSCI US Equal Weighted Index (-5%). While they all fell over the quarter, the MSCI AC Growth Index rose nearly 4%.

Standout performers during the quarter were some of our holdings in China and companies that benefit from investment in artificial intelligence (AI).

Gains in our Chinese positions such as **Tencent** and **China Overseas Land** (both up over 20%) were driven by a combination of strong results and early signs of support for the property market.

The major property development in April was new Politburo language emphasising the need to clear unsold housing inventory and a social housing plan, where the government buys excess inventory and rents it out as low-cost housing. This triggered a broad rally in April, however the gains were given back as the sums dedicated to this plan (300 billion Renminbi) were not large enough to draw a line under the sector.

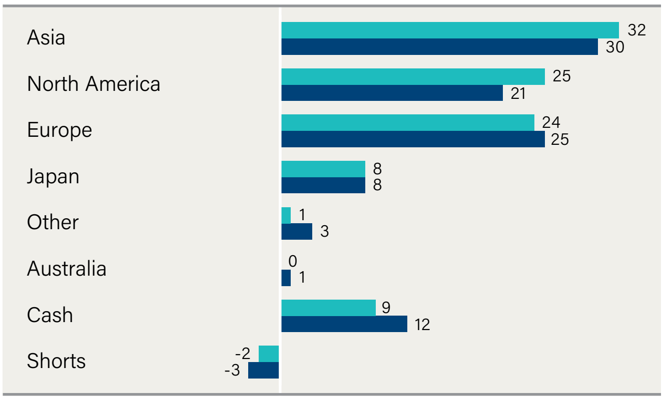
Our AI-related companies enjoyed several positive developments over the quarter. **TSMC** announced it would raise the price of leading-edge nodes used to make AI chips, with major customer **Nvidia** taking the unusual step of publicly agreeing that TSMC's prices did not reflect the value they are providing! Elsewhere Apple highlighted the next competitive battleground for smartphones will be integration of AI functionality, unveiling a range of new tools to be offered in the iPhone 16. This boosted our DRAM producers, given new phones would likely need 10-12GB of RAM to handle AI tasks. TSMC (+25), **Broadcom** and **Alphabet** (both up around 20%) all performed strongly.

Our French listed positions, **LVMH** (down around 14%) and **Kering** (down around 5%) pulled back on the political instability following the European Parliament elections.

Our largest detractor was fund administration platform **Allfunds**. It was the subject of takeover speculation, with **Euronext**, Swiss exchange **SIX** and others announcing their interest. In late April the board and majority shareholder **Hellman & Friedman** called off sale talks, saying the bids did not adequately value the company. This saw short-term investors leave and the stock fell 21%.

2 Which measures market performance based on equal weightings for each share rather than by the relative size of each holding in the index.

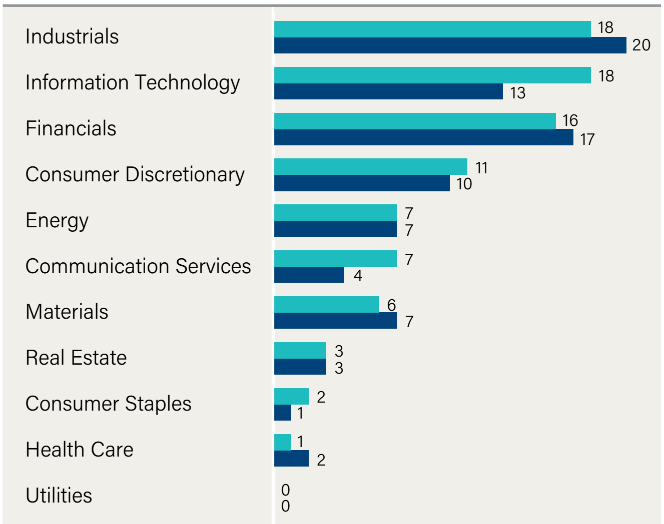
Disposition of Assets %



30 JUN 2024 31 MAR 2024

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

Net Sector Exposures %



30 JUN 2024 31 MAR 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
Samsung Electronics Co Ltd	South Korea	Info Technology	4.6%
Taiwan Semiconductor	Taiwan	Info Technology	4.5%
ZTO Express Cayman Inc	China	Industrials	4.2%
Alphabet Inc	US	Comm Services	3.8%
UBS Group AG	Switzerland	Financials	3.3%
Tencent Holdings Ltd	China	Comm Services	3.1%
UPM-Kymmene OYJ	Finland	Materials	3.1%
Allfunds Group Plc	UK	Financials	3.0%
Micron Technology Inc	US	Info Technology	2.8%
InterGlobe Aviation Ltd	India	Industrials	2.7%

As at 30 June 2024. See note 5, page 40.
Source: Platinum Investment Management Limited.

Commentary – Time for the cat to spring?

During the quarter we added sportswear brand **PUMA** to our portfolio. The German company, founded in 1948, is the third largest sportswear brand globally, holding a 3% market share behind **Nike** (16% share) and **Adidas** (8%). PUMA can't go toe to toe with the big two on endorsements,[3] so need to pick their opportunities and play on consumers' desire for something different.

One key advantage for PUMA when it comes to competing with other smaller sports brands is its heritage across a number of sports. Its football boots were worn by Pele and Maradona, sprinters Tommie Smith and John Carlos wore PUMAs during their Black Panther salute at the 1968 Olympics and PUMA's low-cut basketball shoe worn by Walt Frazier became a staple of break-dance, hip hop and skate culture in the 1980s.

PUMA pushed too far into fashion in the mid-2000s and lost some performance credibility. This ultimately saw a reset in 2013. Since then PUMA's strategy has been to reinvest in performance sport by sport, with credibility there giving them the right to succeed in the lifestyle/fashion side of the business (which is the larger market for all sports brands). The strategy has been a success, with PUMA rebuilding strength in sports (most noticeably soccer) and increasing its market share every year since 2017. They also smartly rebuilt their 'cred' in the lifestyle market, partnering with musical/cultural influencers such as Rihanna, Jay Z and Dua Lipa.

3 Nike spends roughly $11bn pa on endorsements, Adidas $6.5bn, PUMA $2bn.

Why PUMA, why now?

Like many consumer goods categories, sportswear went through a boom-bust cycle during Covid, with the entire industry suffering from excess inventory, leading to discounting and lower sales while stock cleared. This adjustment has largely run its course, with inventory at PUMA and peers now close to historical norms.

Recently both Adidas and Nike were prioritising their direct-to-consumer sales channels, cutting off some of their smaller wholesale partners, thus giving PUMA and others 'white space' to grow into. With Adidas and Nike now looking to refocus on their wholesale partners, the question is what effect this has on PUMA. Overall, the key to keeping shelf space is having a product that sells and as long as PUMA's product is popular, gains should be held.

PUMA's share price has halved from its 2021 high, with its valuation now attractive both vs its history and peers. PUMA's financial results are now turning up and lead marketing indicators such as Google Trends are showing improvement. Its direct to consumer division is growing nicely and this tends to correlate to higher future sales to wholesale customers. Our research suggests this is an opportune time to take a stake.

In addition to PUMA, we initiated positions in US food manufacturer **Lamb Weston**, radio frequency semiconductor specialist **Skyworks** and Danish freight forwarder **DSV**. We also rotated some of our DRAM holdings, selling out of semiconductor stock **SK hynix** and switching funds into **Samsung Electronics** given the widening valuation difference between the two.

To fund these positions, we exited our holdings in Chinese truck engine manufacturer **Weichai Power**, German power semiconductor expert **Infineon**, and social networking giant **Meta**.

Outlook

In November last year we reduced our short book and upped our net invested position. It was clear higher interest rates were not slowing activity.

Eight months on, there are now signs of slowing economic growth. The US labour market is cooling, with traditional leading indicators – initial unemployment claims and the number of temporary workers employed – both weakening. There is also clear evidence that consumer spending is contracting – especially amongst lower income cohorts. We're not hearing alarm bells yet, but it bears watching.

Two key factors for future Fund performance

We believe that increasing stability in the Chinese property market could be a large potential positive catalyst for *all* our Chinese holdings. The trend here is encouraging – but slow. While the market would prefer a single 'big bang stimulus' to frequent announcements of incremental policy support, it's clear the property market is now a political issue and if the current measures are not enough, more will come.

The other notable feature of the market is the narrow clustering into big tech. Many clients and advisers ask us: Why not own all these businesses? Over the past six months we have revisited all the mega cap technology stocks. We felt **Alphabet** was priced attractively in our favour (and we maintain a large holding), Meta was fine and **Amazon** was interesting if we factor in a large improvement to their core retail business. For the balance of the Magnificent Seven, each time we ran scenarios with generous assumptions we could get to no better than a market return (circa 8% pa) for these stocks. We don't believe these stocks are crazily priced, it's more that when viewed against a global opportunity set, the risk/reward equation is unappealing.

The flipside to an intense focus on a small group of US technology stocks is the *opportunity in companies the market has left behind*. Portfolio holdings such as PUMA, TSMC, **UBS** and **Transunion** had modest valuation multiples on purchase, there were clear reasons why they were mispriced and there was a strong case to expect they would deliver returns well ahead of the market. A portfolio of these types of ideas, diversified across many industries and countries should serve investors well. With the eyes of the investing world aimed at one place, now is a good time to be positioned differently.

Platinum Global Fund (Long Only)

Clay Smolinski
Portfolio Manager

Overview

- The US tech sector reasserted its dominance. In AUD, the global technology index rose 9% this quarter. Eight of the remaining 10 sectors fell.
- Our AI-related holdings did well with **TSMC** and **Broadcom** up over 20%. There are clear signs that AI-related functionality will be the new method of differentiation in the smartphone space and this is a positive for our DRAM[1] holdings.
- After some positive early signs in April, China's attempts to 'fix' their property market disappointed. We believe that stabilisation of the property market, when it comes, could be highly beneficial for our portfolio. We also think some key holdings 'left-behind' by the market's big tech focus have plenty of room for growth and potential for strong returns.

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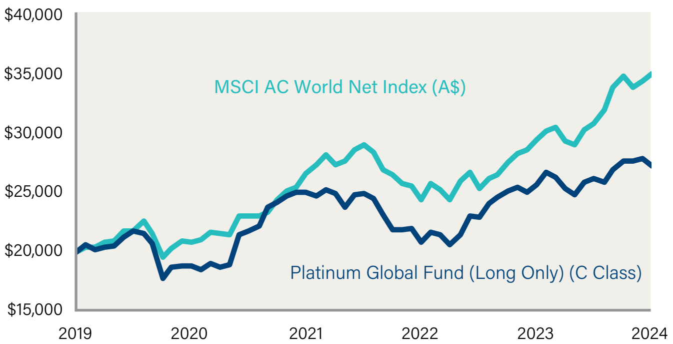

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See notes 1 & 2, page 40.

The Fund fell 1.8% over the quarter, while returning 6% over the financial year.

We have previously discussed the way market performance over the past year or more has been skewed by the returns from the Magnificent Seven technology stocks. In the March quarter we saw hints that markets were starting to broaden out. However, these were reversed this quarter with technology stocks again blitzing all other sectors. Measured in AUD, the global technology index rose 9%. Eight of the remaining 10 sectors posted declines.

Standout performers during the quarter were some of our holdings in China and companies that benefit from investment in artificial intelligence (AI). Gains in our Chinese positions (such as **Tencent** and **China Overseas Land**, both up over 20%) were driven by a combination of strong results and initial signs of support for the property market.

The major property development in April was new Politburo language emphasising the need to clear unsold housing inventory and a social housing plan, where the government buys excess inventory and rents it out as low-cost housing. This triggered a broad rally in April, however the gains were given back as the sums dedicated to this plan (300bn RMB) were not large enough to draw a line under the sector.

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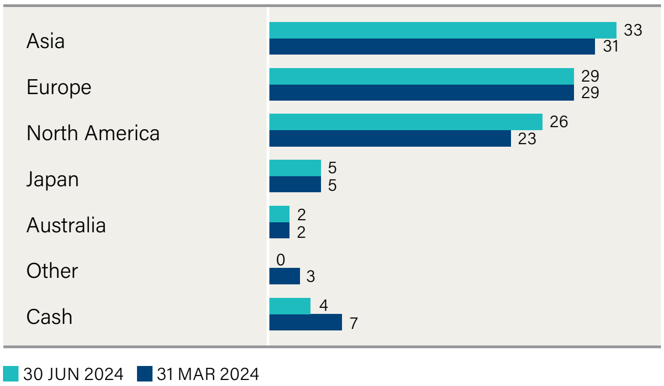
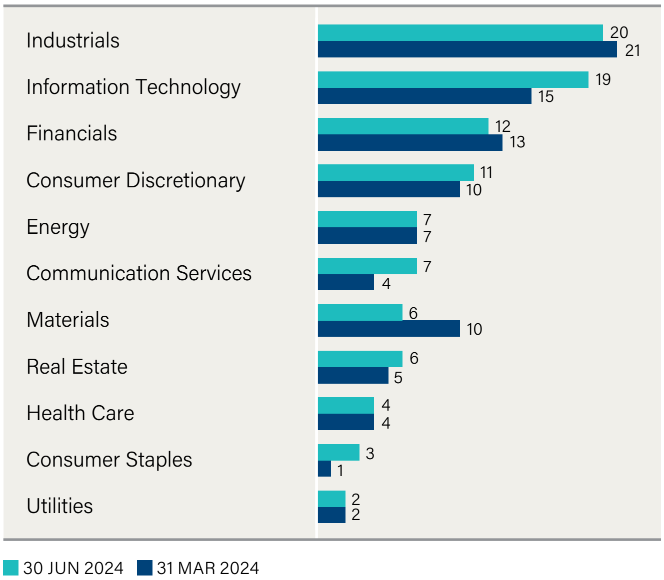
2 Nike spends roughly $11bn pa on endorsements, Adidas $6.5bn, PUMA $2bn.

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
Samsung Electronics Co Ltd	South Korea	Info Technology	5.0%
Taiwan Semiconductor	Taiwan	Info Technology	4.5%
ZTO Express Cayman Inc	China	Industrials	4.1%
Broadcom Inc	US	Info Technology	3.8%
Trip.com Group Ltd	China	Cons Discretionary	3.7%
Wizz Air Holdings Plc	Italy	Industrials	3.3%
UPM-Kymmene OYJ	Finland	Materials	3.2%
UBS Group AG	Switzerland	Financials	3.2%
Tencent Holdings Ltd	China	Comm Services	3.0%
Foxtons Group PLC	UK	Real Estate	2.8%

As at 30 June 2024. See note 5, page 40.
Source: Platinum Investment Management Limited.

The strategy has been a success, with PUMA rebuilding strength in sports (most noticeably soccer) and increasing its market share every year since 2017. They also smartly rebuilt their 'cred' in the lifestyle market, partnering with musical/cultural influencers such as Rihanna, Jay Z and Dua Lipa.

The right time for PUMA?

Like many consumer goods categories, sportswear went through a boom-bust cycle during Covid, with the entire industry suffering from excess inventory, leading to discounting and lower sales while stock cleared. This adjustment has largely run its course, with inventory at PUMA and peers now close to historical norms.

Recently both Adidas and Nike were prioritising their direct-to-consumer sales channels, cutting off some of their smaller wholesale partners, thus giving PUMA and others 'white space' to grow into. With Adidas and Nike now looking to re-focus on their wholesale partners, the question is what effect this may have on PUMA. Overall the key to keeping shelf space is having a product that sells, and as long as PUMA's product line up is popular, gains should be held.

PUMA's share price has halved from its 2021 high, with its valuation now attractive both vs its history and peers. PUMA's financial results are now turning up and lead marketing indicators such as Google Trends are showing improvement. Its direct to consumer division is growing nicely and this tends to correlate to higher future sales to wholesale customers. Our research suggests this is an opportune time to take a stake.

In addition to PUMA, we initiated positions in US food manufacturer **Lamb Weston**, radio frequency semiconductor specialist **Skyworks** and Danish freight forwarder **DSV**. We also rotated some of our **DRAM** holdings, selling out of **SK hynix**, and switching funds into **Samsung Electronics** given the widening valuation difference between the two.

To fund these positions, we exited our holdings in Chinese truck engine manufacturer **Weichai Power**, German power semiconductor expert **Infineon**, and social networking giant **Meta**.

Outlook

In November last year we upped our long invested position. It was clear higher interest rates were not slowing activity.

Eight months on, there now are signs of slowing economic growth. The US labour market is cooling, with traditional leading indicators – initial unemployment claims and the number of temporary workers employed – both weakening. There is also clear evidence that consumer spending is contracting – especially amongst lower income cohorts. We're not hearing alarm bells yet, but it bears watching.

Two key factors for future Fund performance

We believe increasing stability in the Chinese property market could be a large potential positive catalyst for *all* our Chinese holdings. The trend here is encouraging – but slow. While the market would prefer a single 'big bang stimulus' to frequent announcements of incremental policy support, it's clear the property market is now a political issue and if the current measures are not enough, more will come.

The other notable feature of the market is the narrow clustering into big tech. Many clients and advisers ask us: Why not own all these businesses? Over the past six months we have revisited all the mega cap technology stocks. We felt Alphabet was priced attractively in our favour (and we maintain a large holding), Meta was fine and Amazon was interesting if we factor in a large improvement to their core retail business. For the balance of the Magnificent Seven, each time we ran scenarios with generous assumptions we could get to no better than a market return (circa 8% pa) for these stocks. We don't believe these stocks are crazily priced, it's more that, viewed against a global opportunity set, the risk/reward equation is unappealing.

The flipside to an intense focus on a small group of US technology stocks is the *opportunity in companies the market has left behind*. Portfolio holdings such as PUMA, TSMC, **UBS** and **Transunion** had modest valuation multiples on purchase, there were clear reasons why they were mispriced and there was a strong case to expect they would deliver returns well ahead of the market. A portfolio of these types of ideas, diversified across many industries and countries should serve investors well. With the eyes of the investing world aimed at one place, now is a good time to be positioned differently.

Platinum Asia Fund

Cameron Robertson
Portfolio Manager

Overview

- Asian markets performed solidly over the quarter, with Indian and Taiwanese markets doing particularly well. Chinese shares staged a mini-rally on the basis of new policies designed to support the property market. However they dropped back on lack of policy follow-through.
- Large Chinese companies like Tencent, China Resources Land and China Overseas Land – did well for the Fund. The Fund also benefited from continuing strong performance from Indian companies **Macrotech** (property) and **Interglobe** (travel). Our South Korean semiconductor holdings also rose.
- Asian markets are attractively valued. Concerns over US dollar strength, US rates, the AI outlook and Chinese property are clouding the short-term picture but also suppressing prices and therefore throwing up good buying opportunities.

Performance

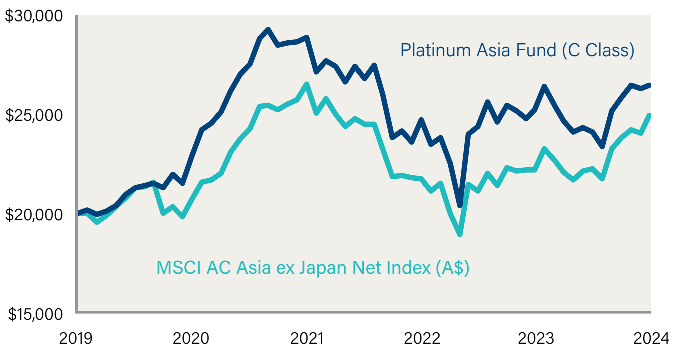
compound p.a.+, to 30 June 2024

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Asia Fund*	2%	5%	-3%	6%	12%
MSCI AC Asia ex Jp Index^	5%	13%	-2%	5%	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

30 June 2019 to 30 June 2024



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 rose 2.5% during the quarter.

Many of the themes discussed over the past couple of quarters continue to drive Asian markets. Our large semiconductor holdings **TSMC** (up 25%) and **SK hynix** (up 28%) delivered a strong performance during the quarter, as enthusiasm for AI-exposed companies gripped markets in Taiwan and Korea. Our Indian positions, **Interglobe** (+19%) and **Macrotech** – up around 30% – similarly performed well, reflecting a generally buoyant mood in India following the election.

By contrast, our smaller holdings across South-East Asia, such as **Ayala Land**, **PT Astra International**, **PT MAP Aktif Adiperkasa** (down around 24%), and **Supalai**, generally had a more challenging quarter. Persistent inflation in the US led long-term interest rates up. Higher US rates can be a negative for South-East Asian markets as money flows out of emerging markets into US Treasuries.

In China, our larger holdings, like **Tencent** and property companies **China Resources Land** and **China Overseas Land** performed well. However some smaller investments, like waterproofing company **Beijing Oriental Yuhong**, stage lighting firm **Guangzhou Haoyang Electric** (down 27%) and seed company **Yuan Longping**, saw share price falls.

Commentary – Property patterns in China, India and Indonesia

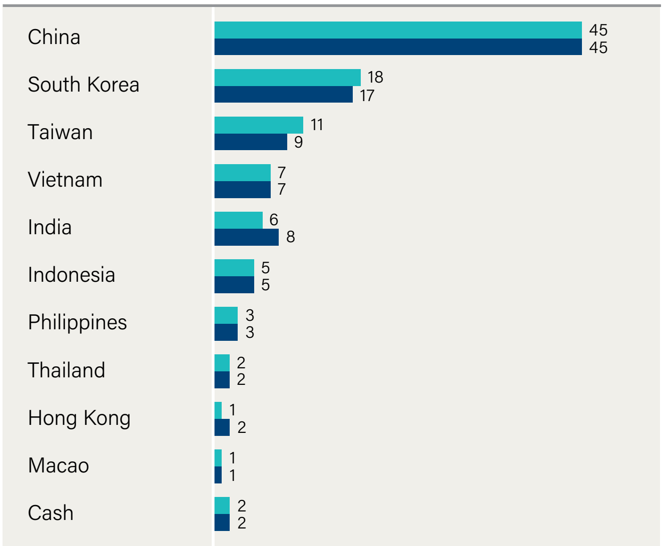
It was an eventful quarter, with Chinese markets roaring into life until late-May, with hopes rising that newly announced policy support measures could be 'the beginning of the end' of the property sector's drag on the economy. Ultimately, the hoped for policy follow-through was a little tepid, leaving unanswered questions about the scale and funding support of the initiatives. Meanwhile, property market activity in China remained relatively weak. As a result the stockmarket retraced early gains.

We took the opportunity to reduce our holdings in truck and diesel engine manufacturer **Weichai Power** and travel website operator **Trip.com** during the Chinese market's short rally. We also exited our position in **Ping An Bank**.

Despite the housing hangover we continue to find opportunities in the Chinese market. For example, we established a new position in the online video and games company **Bilibili**. The firm started out as a website catering to comic, anime and gaming enthusiasts but has now cemented its position as a general-interest YouTube like asset. This is a platform which boasts over 340m active users each month and enjoys high user engagement, with users typically logging in one out of every three days and spending 105 minutes on the platform each day they log in. The founder's maniacal focus on user experience is behind this healthy growth in usage and growing engagement means the firm can now monetise its popularity and strengthen its financial position. We had a little bit of luck as well, with one of Bilibili's newly-launched games gaining strong traction shortly after we bought into the company. Bilibili was once a market darling but has fallen out of favour since its loftily-priced IPO in 2021. However, we think the company has a bright – and potentially very rewarding – future.

During the quarter we saw elections in India and Korea. In India, Modi's coalition was re-elected with a reduced majority. The market's immediate response was mild concern that the country's policy reform momentum may slow. These jitters rapidly subsided and the stock market continued to deliver remarkably robust performance. We have continued to trim Interglobe and Macrotech, our major holdings in that market. While the outlook for India is attractive, the price of assets there is increasingly difficult for us to justify.

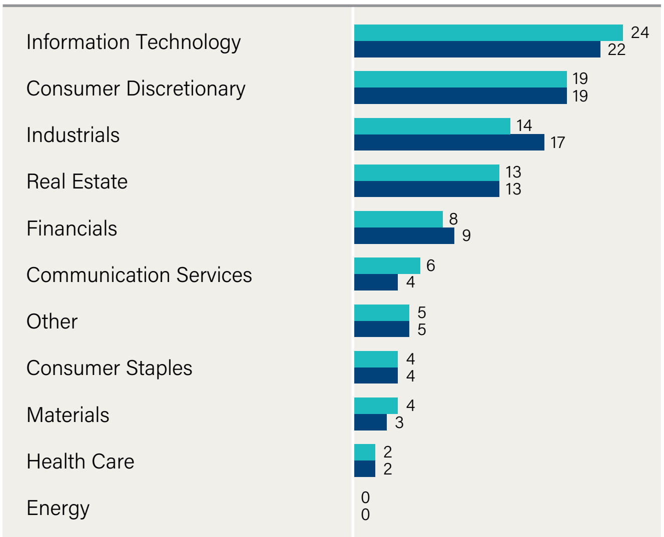
Disposition of Assets %



30 JUN 2024 31 MAR 2024

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

Net Sector Exposures %



30 JUN 2024 31 MAR 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	9.8%
SK hynix Inc	South Korea	Info Technology	7.1%
Samsung Electronics Co Ltd	South Korea	Info Technology	6.2%
Vietnam Enterprise Inv	Vietnam	Other	4.8%
Tencent Holdings Ltd	China	Comm Services	4.4%
ZTO Express Cayman Inc	China	Industrials	4.3%
JD.com Inc	China	Cons Discretionary	3.6%
China Merchants Bank	China	Financials	3.4%
China Resources Land Ltd	China	Real Estate	3.4%
InterGlobe Aviation Ltd	India	Industrials	3.2%

As at 30 June 2024. See note 5, page 40.
Source: Platinum Investment Management Limited.

Macrotech is a well-run property developer with a strong position in the Mumbai market. We initially bought our stake in the IPO at about 10x our estimate of their earnings, and the general sentiment among investors at the time was one of mild disinterest, as the Indian property market had been lacklustre for a number of years. Over the three-plus years since the IPO, Macrotech's share price is up more than 7-fold, and the business is now trading on 60x earnings. While the underlying business has performed well, and expectations are that they will continue to deliver great results, the Fund has largely made money because investors have been willing to ascribe higher and higher valuation multiples to the asset.

By contrast, South-East Asian markets have generally been a little weak, and assets are priced far less aggressively. We took the opportunity to modestly increase our exposure to a few of our holdings in Indonesia during the quarter, including the leading local car and motorbike company, **Astra International**. Another company we added to was **Pakuwon Jati**, an Indonesian property developer. It's instructive to note that we were selling the Indian developer Macrotech (mentioned above) at 60x earnings. Yet we were able to top up our holding in Pakuwon Jati at less than 10x earnings. As with our first purchase of Macrotech, the Indonesian property market has been lackluster for a number of years and is viewed with mild disinterest by investors. However, the fundamentals seem attractive on a medium-term view, with economic growth at the national level flowing through to a steadily growing middle class. There is also increasing awareness that the country simply needs more housing stock.

While Pakuwon's property development arm waits for better days in the local housing market, the company's shopping mall assets provide a steady underpinning to the value of the business, funding business expansion and delivering dividends for shareholders.

Turtle chips in Korea

In Korea, we trimmed our holding in memory maker **SK hynix**. It's a well-positioned company with a strong growth outlook supported by demand from AI-driven end markets. But after a sizable share price rise over the past 18 months, we felt it prudent to start reducing our position size.

Overall, Korea remains an attractive market and during the quarter we initiated a small position in snack food & confectionary company **Orion**. Orion has a strong market share in the local Korean snack food market. You can find their products in supermarkets and convenience stores across Asia. **Costco** stocks them in Australia and the US where Orion's "turtle chips" are a hit.

Orion is a growing business, conservatively financed, with attractive economics and trading at less than 10x earnings so it feels like a bargain. The only question around our investment case was some recent unexpected (not necessarily poor – just unusual) investment decisions the company had made. Having spoken to the company about this issue, we feel that at the current share price they remain an attractive proposition.

Outlook

In the coming months, there are a range of factors investors will be watching closely to determine the path of the region's markets:

- inflation and US rates
- the Chinese property market
- US elections
- the progress of frontier models in the AI space.

There are real challenges in assessing with confidence what will likely happen even across this short list of factors. It is then critical to weigh up the impact each of these various elements will exert on different assets. The next step is to identify areas where *our* view is different to that priced in by markets.

Fortunately, over the medium to longer-term, most of this complexity collapses down to a few basic elements. In Asia there are still plenty of opportunities for companies to grow across a range industries.

Indeed, all the short-term noise can be a blessing in disguise because it drives mispricing and in general assets across the region are relatively attractively priced. As such, our job is finding areas where the competitive, regulatory, and corporate governance environment allow us to earn an attractive return for our investors.

Platinum European Fund

Adrian Cotiga
Portfolio Manager

Overview

- European markets had a mixed quarter. There are signs of life in some segments but the overall economic picture is still cloudy, with weakness in the major economies. However the start of an interest rate easing cycle may lift consumer and market sentiment in coming months.
- Geopolitical concerns influenced markets this quarter, particularly the result of EU Parliament elections and the subsequent decision by French President Macron to take his country to the polls early.

Performance

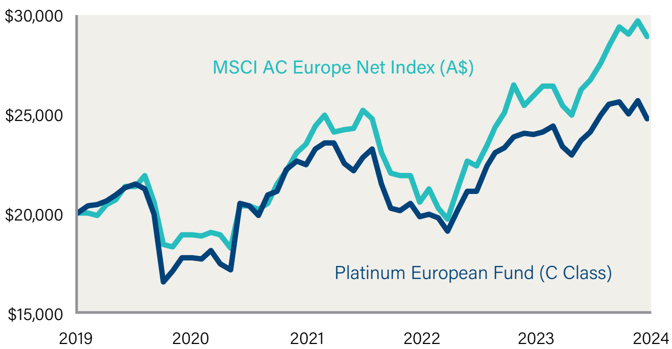
compound p.a.+, to 30 June 2024

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum European Fund*	-3%	3%	3%	4%	10%
MSCI AC Europe Index^	-2%	12%	7%	8%	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

30 June 2019 to 30 June 2024



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 (C Class) returned -3% for the quarter.

European markets had a mixed performance. For the Fund, stocks in the energy (+14%) and real estate (+21%) sectors were the standout performers, while consumer discretionary and industrial stocks underperformed. French stocks sold off (-19%) as French President Macron unexpectedly called an early general election, following the European Union Parliamentary elections which saw a significant increase in the number of seats for right-wing parties. Instability in the French political system creates economic uncertainty and may affect the longer-term trajectory of the Government's budget deficit and borrowing costs.

The strongest contributors to performance were our holdings in **Foxtons** (+20%), London's largest estate agent, which continues to improve under the new CEO. Our bank holdings **Barclays** (+13%) and **Banca Transilvania** (+15%), the largest bank in Romania, continued to deliver better than expected results.

Two of our weakest stocks were **Airbus** and **Allfunds** (both down over 20%). Airbus disappointed by cutting guidance for operating profits and free cash flow. They expect to deliver fewer planes due to supply chain challenges in engines, interiors, and structures. While these challenges might last 24 months, we believe Airbus has a bright future in a duopoly industry.

Allfunds retraced its gains over the past six months, when it scrapped talks for a potential sale of the business. At 8% free cash flow yield we believe the business is undervalued. We're glad management is now solely focused on growing the business.

We exited our long-held position in **Applus**, as the company was bought out by a private equity consortium. We sold some positions where the risk/reward equation was no longer as attractive and recycled the capital into new opportunities in oil and gas, pharma, business services and infrastructure type assets such as telecommunication towers and healthcare manufacturing.

In June, the ECB decided to lower official rates by 0.25% on the back of an improved inflation outlook. Yet, at the same meeting, the ECB's economic staff hiked their inflation forecast slightly. While there is more confidence in the path to lower inflation in the eurozone area, the journey to 2% inflation might be bumpier than expected. On the other hand, Switzerland's inflation rate is already at 1.4% and its central bank cut the policy rate for the second time this year by 0.25 percentage points to 1.25%.

European economic activity remains subdued, but there are signs of slight improvement after five quarters of stagnation. The services sector is expanding and manufacturing is showing signs of stabilising at lower levels. After a positive surprise in May, the June Eurozone manufacturing PMI (Purchasing Managers Index) fell. Consumer confidence continues to improve – albeit patchily – and Germany's business outlook worsened for the first time in five months.[1] The outlook is still uncertain.

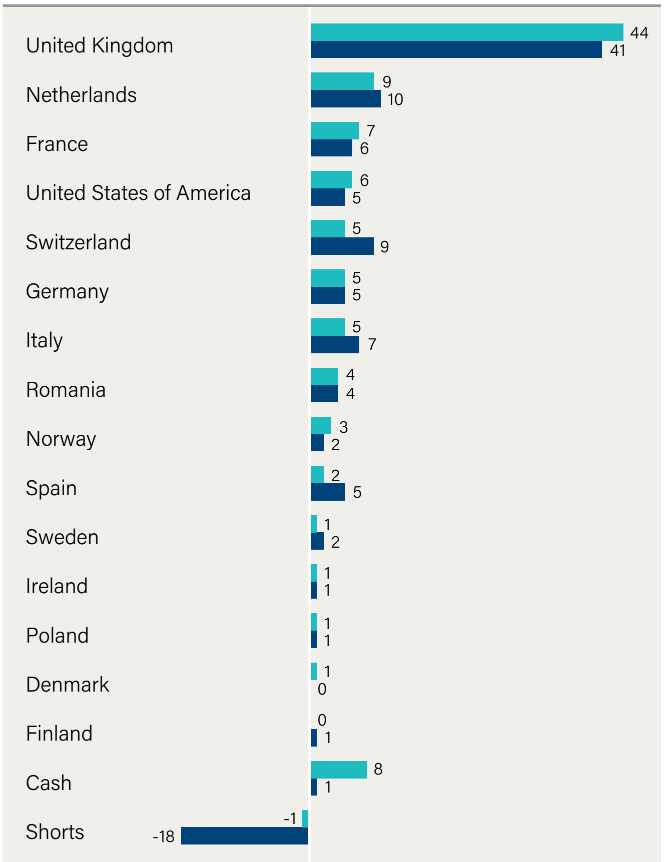
However, our job is to find company specific mispricings to take advantage of. Shipping is one area of interest.

Commentary – Shipping firms buoyed by capacity constraints

TORM Plc is one of world's largest owners and operators of tankers that transport refined oil products and chemicals. It has been a standout performer over the last year, returning around 100% (including dividends). TORM's story reflects a broader Platinum approach – taking advantage of a supply/demand imbalance driven by industry change.

1 Source: Ifo Institute

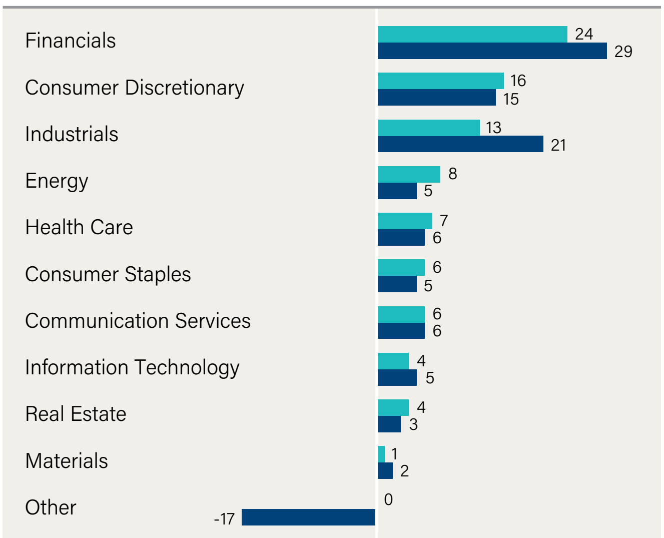
Disposition of Assets %



30 JUN 2024 31 MAR 2024

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

Net Sector Exposures %



30 JUN 2024 31 MAR 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
ASML Holding NV	Netherlands	Info Technology	4.9%
Barclays PLC	UK	Financials	4.9%
Beazley PLC	UK	Financials	4.5%
Foxtons Group PLC	UK	Real Estate	4.4%
Banca Transilvania SA	Romania	Financials	4.3%
Informa PLC	UK	Comm Services	4.0%
Airbus SE	France	Industrials	3.8%
Allfunds Group Plc	UK	Financials	3.8%
PUMA SE	Germany	Cons Discretionary	3.7%
London Stock Exchange	UK	Financials	3.5%

As at 30 June 2024. See note 5, page 40.
Source: Platinum Investment Management Limited.

Shipping is a notoriously cyclical industry and timing an earnings upswing can be very tricky given the fragmentation of the industry and the debt vessel owners typically carry.

Over the past few years, the capacity to transport refined products and chemicals has tightened. Firstly, war in Ukraine saw a wave of sanctions from Western governments that had profound effects on the tanker market – trade patterns had to change almost instantaneously.

Those changed trade patterns boosted revenue for the tanker industry. The EU, for example, typically imported diesel from Russia. A vessel would take around 10 days round trip to supply the EU, via the Baltic Sea. Now the EU needs the same volume of diesel but it comes from the Middle East or US – a round trip of over 25 days. This gradually tightens the capacity of the tanker industry – they have more vessels, at sea for longer, to carry the same volume.

Long-run changes in the petrochemical refinery network have also been positive for the tanker industry. As it became costlier to build and operate refineries in the US and Europe, companies shifted operations to the Middle East and China. This also avoided harsher permitting and environment regulations. When Covid-19 hit and governments chose to shut down the oil and gas industry and furlough workers, refineries representing nearly 1.5m barrels of refined product capacity ceased operation. This sudden, significant drop in refining capacity meant European and US buyers needed to ship even more petrochemicals by sea.

Thirdly, International Maritime Organisation (IMO) regulations have had a profound influence over the global shipping fleet in recent years. Firstly, IMO 2020 standards set vessel sulphur emissions to essentially zero. This required a wave of capex investment across the fleet, where newer engines were retrofitted with scrubbers to capture the sulphur. Older vessels were either scrapped or sold into the dark fleet (countries that don't recognise International Standards). The IMO 2023 changes mandated new measures of efficiency and carbon intensity. Essentially, the less efficient a vessel, the slower the maximum speed rating it could run. Typically, a 10% speed drop would save over 25% in fuel costs, but the trade-off for operators meant vessels were at sea for longer.

With these three forces now boosting revenue for shipping owners, we were looking for the highest quality player. TORM PLC stood out as an operator with strong corporate governance, an efficient cost structure and a relatively young fleet. Like many companies in this boom-and-bust industry, TORM had been burnt in the past, taking on too much debt to build new tankers and then running into a protracted shipping downturn.

In 2015 TORM restructured with the help of Oaktree in a deal that cut debt in half and injected $100m into the company. Since then TORM Plc has operated prudently – only adding to the fleet where it improves total operating costs and avoiding unnecessary leverage to buy new ships. They also refused to sign absurdly low term-contracts, when market conditions meant spot rates were more attractive.[2]

While the industry is profiting from the impact of sanctions it has vivid memories of over-adding capacity in the last cycle. Today's asset owners are extremely hesitant to order newbuilds except when replacing vessels due to be scrapped.

The green premium

While tanker owners are making good profits, tightening environmental standards make it difficult to invest in new tanker capacity.

This reinforces the supply/demand nexus discussed above. Without new build capacity, shipping day rates will stay high. The longer that situation stays in place, the higher the market will value tanker companies like TORM. Indeed, TORM Plc could continue to see its asset values pushing higher and continue to pay dividends of more than 15% per year. That's a good reason for us to hold this stock.

Outlook

The Fund is around 90% net invested. As recession concerns have faded we increased our net exposure by gradually taking off our index shorts. However, there are still reasons to be cautious: political instability, fiscal indiscipline, war in Ukraine and a sluggish economies in the biggest eurozone countries. On the other hand, we are at the beginning of an easing cycle, which should support consumer confidence.

Today the portfolio looks very different from the index and the return profile will likely be different. However, this portfolio shape is the outcome of our process. Our portfolio is built bottom up, stock-by-stock while avoiding excessive exposure to areas that are highly correlated. We are focused on finding business that are mispriced and will deliver higher earnings on a 3-to-5-year horizon. We remain confident in the long-term prospects for the businesses we own.

2 Typically the shipping market hires vessels on spot or term rates.

Platinum Japan Fund

Leon Rapp
Portfolio Manager

Overview

- The Japanese electrical power sector looks likely to be a key growth sector over the next few years as Japan builds out the infrastructure required to meet its growing energy needs – needs that notably come from new semiconductor plants and datacenters. Our holding in **Hitachi** is partly based on this growth outlook, but also on Hitachi's success in trimming down and refocusing its businesses and operating structures.
- Corporate governance reforms, positive news around the return of moderate inflation, rising business investment and restructuring within Japanese corporates have boosted Japanese returns over the past few years. Navigating currency devaluation risks appears to be one of the administration's key challenges for the future.

Performance

compound p.a.+, to 30 June 2024

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Japan Fund*	-8%	-3%	2%	4%	12%
MSCI Japan Index^	-6%	13%	6%	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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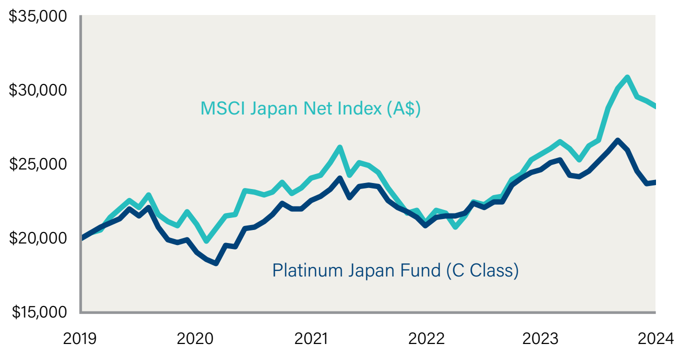
See note 1, page 40. Numerical figures have been subject to rounding.

Value of $20,000 invested over five years

30 June 2019 to 30 June 2024



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.

Japanese equities took a breather in the June quarter, with the MSCI Japan Index down -6% in $AUD terms, though up 3% in Yen terms.

Key contributors to the portfolio were **MS&AD** Insurance (+35%), **Hitachi** (+30%) and the conglomerate, **Kurabo Industries** (+40%).

Key detractors were **Shift** (-39%), **Toyota Motor** (down over 10%) and **Toyota Industries** (-13%).

We continued to make portfolio adjustments during the quarter, exiting several smaller positions and initiating holdings in some opportunities we believe are attractively priced. These are companies with strong business capabilities who are focused on improving balance sheet efficiency and their competitive market positions.

MUFG is Japan's premier megabank. We are positive on the outlook for loan spreads as the Bank of Japan (BOJ) slowly exits from ultra-easy monetary policy. For banks, a steepening yield curve (where long-term interest rates are higher than short) boosts interest income. Further, Japan's corporate restructuring now creates higher-margin lending opportunities for banks such as M&A transactions, LBO, MBOs etc.[1] Meanwhile economic growth and strong real estate markets are underpinning loan demand. We think this growth could be further augmented as the corporate sector increases its investment activity.

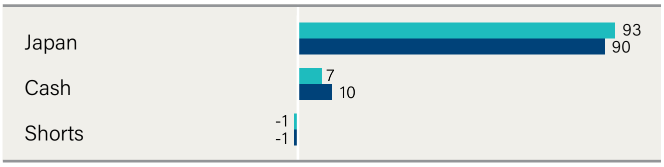
Murata is the global leader in Multi-Layer Ceramic Capacitors (MLCCs). MLCCs act as 'dams' that charge and discharge electricity and are crucial components in electric devices, smartphones and PCs. The latest smartphones can have over 1,000 MLCCs, while EVs and AI servers can have 10,000 or more. Murata has half the global market and is highly profitable. MLCCs have been in oversupply for the past 18-24 months on slower auto, PC & smartphone shipments. This saw prices falling and weaker capacity utilisation rates led to higher inventories and lower margins. We expect a potential demand upcycle for AI-enabled hardware to result in higher MLCC volumes and prices. The stock has underperformed the market since 2021, providing an attractive entry opportunity.

We reinitiated a position in **Unicharm** given the strength of its brand and signs that channel inventory in the important China feminine care category has improved. Recent earnings have been stronger than expected, underscoring the value of their brand. Pricing power and growth across several markets continue to impress. We expect structural growth for disposable hygiene to continue with strong margins due to innovation, premiumisation and the company's shift from low margin baby diapers to the higher margin 'femcare', adult incontinence and petcare categories.

Fast Retailing is the owner of **UNIQLO**, a clothing brand with well designed, high quality basics with built-in fabric functionality (eg Airism, Heattech). In many ways UNIQLO is the Toyota of the apparel industry. We think their mid/value price points appeals to a broad range of consumers globally and they have a highly efficient supply chain. UNIQLO has quietly become a genuinely global brand in a highly fragmented industry and its rising market share implies further growth. Their market presence is higher in Japan, China and Asia, but Fast is now concentrating on building out their North America and Europe businesses.

1 Mergers and Acquisitions, Leveraged Buyouts, Management Buyouts.

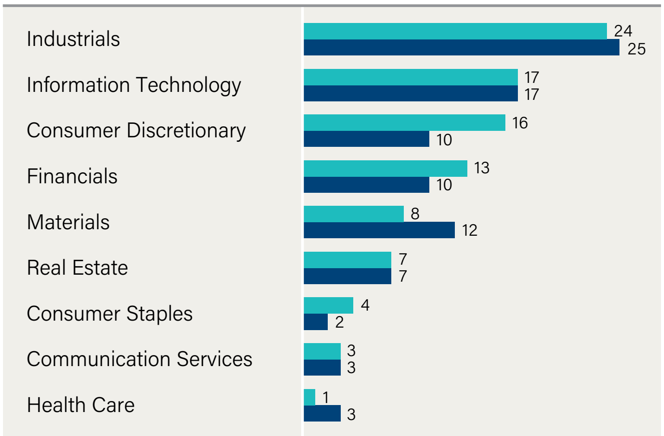
Disposition of Assets %



30 JUN 2024 31 MAR 2024

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

Net Sector Exposures %



30 JUN 2024 31 MAR 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
Toyo Seikan Group	Japan	Materials	5.0%
Taisei Corp	Japan	Industrials	4.6%
Hitachi Ltd	Japan	Industrials	4.6%
GMO Payment Gateway Inc	Japan	Financials	4.4%
Mitsubishi UFJ Financial	Japan	Financials	4.4%
MS&AD Insurance Group	Japan	Financials	4.3%
Sony Corp	Japan	Cons Discretionary	4.3%
Toyota Motor Corp	Japan	Cons Discretionary	3.9%
Keyence Corp	Japan	Info Technology	3.8%
Toyota Industries Corp	Japan	Industrials	3.8%

As at 30 June 2024. See note 5, page 40.
Source: Platinum Investment Management Limited.

Commentary – Who has the power?

Japan's demand for electricity has been declining steadily since 2007, which is perhaps understandable given Japan's post-industrial economy, improving efficiency and steadily declining population.

Japan's Organization for Cross-Regional Coordination of Transmission Operators (OCCTO), takes data from regional electricity distributors across Japan to issue forecasts for long term electricity demand every year. Unsurprisingly, projections of continued decline in demand have been the norm for several years. Yet in January this year, the report issued a surprising forecast of rising electricity demand for Japan over the next decade. The reason is the emergence of new industrial demand for energy – notably from new semiconductor plants and datacenters.

There is increasing realisation that Japan's aging electricity transmission and distribution grid, constructed decades ago and approaching their end of useable life, are not up to the task of supplying this emerging power demand.

This means a new wave of grid infrastructure modernisation and investment is urgently required. Electrical utilities are already increasing grid capex spending, implying a sustained boom ahead with several years of demand growth for grid equipment such as transformers, cables and transmission lines, substations, interconnection facilities etc.

This is one of the reasons we own Hitachi, a company uniquely positioned to benefit in both Japan and globally through its strong position in supply of critical power infrastructure.

Hitachi has also been undertaking structural reforms for over a decade. Its core competitive positions had been steadily eroded by more agile competitors, it was saddled with excessive headcount and debt, had an overly diversified, unfocused business portfolio and suffered four years of consecutive net losses from 2007-2010.

Under the leadership of then CEO Nishimura, Hitachi then began a series of reforms, actively divesting several non-core businesses while acquiring complementary businesses such as the well-timed ABB Power Grids purchase in 2020 (completed in 2022) and GlobalLogic in 2021. Hitachi is now a lean, competitive portfolio of businesses benefiting from increased IT spending and grid modernisation.

Outlook

The Japanese market has enjoyed a strong year and is now back on the radar screens of global investors. We have previously written of the corporate governance reforms, broadening inflation, rising business investment, increasing shareholder returns and portfolio restructuring as key drivers of this reappraisal.

We believe these changes are a watershed, creating a positive environment for investing in Japan and we have aligned the portfolio in recognition of this shift. However, one concern remains a front-of-mind issue for the market now that inflation has returned. How and to what degree will any Bank of Japan (BOJ) exit from ultra-accommodative monetary policy undermine equity gains?

So far, with new Governor Ueda, the BOJ still appears to be reluctant to raise rates as the economy still has areas of weakness. There are already inflationary pressures emerging and increased pressure on the BOJ to raise rates yet we think the bank is likely to be more measured than expected. During the quarter, we increased our currency exposure to USD and AUD to incorporate this view.

The drop in the value of the Yen in recent months appears to be an outcome of the BOJ's stance and policy makers are beginning to express concerns. While welcomed by tourists, a weak Yen also has the effect of raising imported inflation, thus suppressing real wage growth for Japanese households (and lowering dollar based returns for foreign investors). We have already seen the Ministry of Finance undertake unilateral currency intervention in April and May, but this has only temporarily slowed the currency's decline. Conversely, any tightening of monetary policy by the BOJ could see the Yen strengthen as carry-trades unwind and interest rate differentials narrow. This could have negative knock-on effects on the stockmarket and economic activity.

While the Yen is objectively "cheap" (on Purchasing Power Parity analysis) we remain circumspect. The prevailing wisdom is that the interest rate differential between Japan and other countries has driven down the value of the Yen. We believe there are structural reasons for this weakness. For example, capital outflows and declining Balance of Payments surpluses in goods and services as Japanese households invest in higher returning foreign markets (particularly the US). These factors could be contributing to the recent breakdown in one of the most reliable correlations in financial markets – the link between the spread on the 10-year Japanese Government Bond vs US Treasuries and the USD/JPY exchange rate.

There is little doubt a weak Yen has helped lift exporter earnings and, given the high weighting of such companies in the index, the Japanese stock market overall. How long this period of Yen weakness continues is uncertain. We do not think it is the sole driver of market performance and we remain upbeat.

Platinum International Brands Fund

Nik Dvornak
Portfolio Manager

Overview

- Overall market returns were dominated by AI and technology. Indeed, **Nvidia**, **Apple** and **Microsoft** drove more than 90% of the growth in the S&P 500 index in the second quarter.
- European consumer spending is slowly recovering from the inflation and energy-price shock of the past few years. We are already seeing this reflected in the performance of some our Europe-centric brand businesses that have achieved strong sales growth, including **Inditex** and **Beiersdorf**. A rate-cutting cycle could add strength to this trend.
- Whilst the Fund can't invest in the AI-focused technology companies who serve other businesses, investors benefited from our picks in the consumer internet space such as **Google** and **Amazon**.

Performance

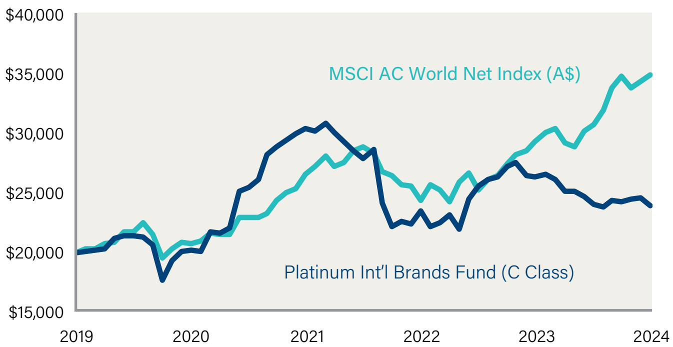
compound p.a.+, to 30 June 2024

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Brands Fund*	-1%	-9%	-8%	4%	10%
MSCI AC World Index^	0%	19%	10%	12%	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

30 June 2019 to 30 June 2024



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 -1% over the quarter in AUD terms.

Our performance was initially strong, benefitting from a sharp rally in Chinese equities, where we retain a reduced, but nevertheless significant, position. However, as the quarter progressed, Chinese markets ceded many of their early gains while European markets pulled back on concerns around the French parliamentary election. This cost us in both absolute and relative terms given our significant exposure to China and Europe. We maintained a relatively low exposure to the US equity market.

While US equities have been comparatively strong, they have been driven by an extremely narrow set of stocks. While the tech-heavy NASDAQ index appreciated 46%, broader indexes like the Russell 2000 or the equal-weighted S&P 500 index, which are more representative, fell 3% and 5% respectively.

The US rally was concentrated in beneficiaries of the Artificial Intelligence (AI) investment cycle. The Financial Times recently pointed out that three stocks – **Nvidia**, **Apple** and **Microsoft** – drove more than 90% of the growth in the S&P 500 index in the second quarter. Nvidia alone accounted for more than 30% of the S&P 500's advance year-to-date. These stocks mostly fall outside the remit of the Platinum International Brands Fund.

Chinese consumer sentiment remains weak and the recovery lacklustre. There is increased anecdotal evidence this weakness is spreading to higher-end luxury brands and that discounting is picking up. Meanwhile European consumer activity is recovering, having been battered by the pickup in global inflation and the energy price shock following Russia's invasion of Ukraine. This is largely reflected in the underlying performance of our stocks in those regions.

The US consumer remains the mainstay of the post-COVID economic recovery. However, chinks are beginning to appear in their armour. The macroeconomic data remains highly favourable but is deteriorating at the margins. Vacancy and Quit[1] rates are falling. Growth in Average Weekly Earnings is slowing. Estimates of excess savings accumulated during the COVID-related lockdowns continue to fall. Moreover, leading consumer companies are now starting to disappoint the high expectations the market has of them.

The table below shows the share price performance of seven leading US consumer businesses during the quarter. These companies serve a wide range of end-markets. These are large hits for companies of this calibre. This data suggests the high tide that was lifting all boats is now ebbing.

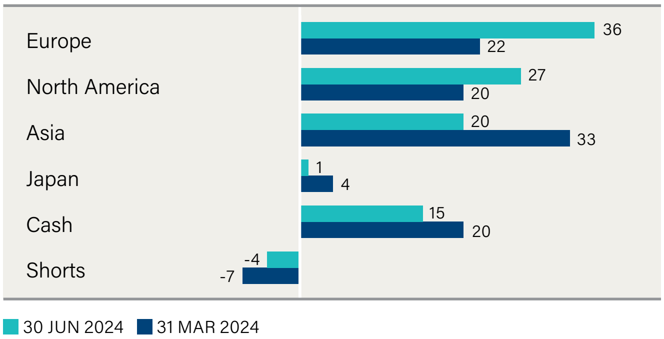
COMPANY	3 MONTH SHARE PRICE PERFORMANCE
McDonald's	-10%
Home Depot	-10%
Dollar General	-15%
Nike	-20%
Lululemon	-24%
Ulta Beauty	-26%
Walgreens	-44%

Source: Platinum

Our best performing holdings this quarter were our consumer internet companies, most notably **Google** and **Amazon**. Large language models were considered to be a potential threat to Google's core search business but accelerating growth in this business has thrust this concern aside.

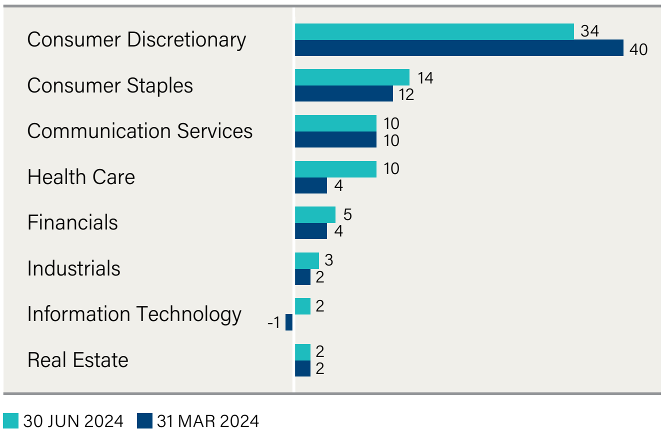
1 The rate at which workers voluntarily leave jobs, often seen as an indicator of confidence in the job market.

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
Alphabet Inc	US	Comm Services	4.6%
Galderma Group AG	Switzerland	Health Care	3.8%
Haleon PLC	US	Consumer Staples	3.6%
Industria de Diseno Textil	Spain	Cons Discretionary	3.5%
Zoetis Inc	US	Health Care	3.5%
Heineken NV	Netherlands	Consumer Staples	3.4%
Amazon.com Inc	US	Cons Discretionary	3.4%
Beiersdorf AG	Germany	Consumer Staples	3.4%
Visa Inc	US	Financials	3.3%
Meta Platforms Inc	US	Comm Services	3.1%

As at 30 June 2024. See note 5, page 40.
Source: Platinum Investment Management Limited.

Amazon benefitted from an apparent inflection in the growth rate of Amazon Web Services which had been decelerating in prior quarters. The other big contributors were our Chinese consumer internet companies which continue to grow well and are increasingly paying out profits to investors.

Performance detractors tended to be driven by stock-specific factors. **MAP Aktif**, an Indonesian sporting goods retailer, sold off on fears that the tighter monetary policy aimed at supporting the exchange rate would crimp consumer spending. **Costar**, the leading US commercial real estate portal, is yet to make inroads into the residential market quickly enough to satisfy investors. **Sands China**, a Macao casino operator, fell in response to stalling Macao visitor numbers

Commentary – geographically diversified, dominant brands

In our March 2024 Quarterly Report we explained our portfolio strategy:

- a core of established, dominant and growing global brands
- complemented by a collection of opportunistic investment ideas including turnarounds, disruptors and emerging brands.

A sense of the changes made can be gleaned from the table on the following page. Here we contrast our ten largest holdings as of February 2024 and June 2024. For our current holdings, we list some of their key brands. The tables show that we are indeed reorienting the portfolio to established, dominant, growing global brands. The tables also highlight the changed geographic exposure pattern of our large holdings.

We plan to outline the investment case for many of these companies in future reports. However, there are two companies on this list that may be less familiar to readers, namely **Galderma** and **Zoetis**.

Galderma is a newly-listed company. It was originally a dermatological business with US roots before becoming a jointly-owned subsidiary of **Nestle** and **L'Oreal** in the early 1980s. Nestle ultimately took control before selling to **EQT**, a private equity firm, which ultimately took the company public in March 2024.

FEBRUARY 2024	
TOP 10 POSITIONS	COUNTRY
Ezaki Glico	Japan
Meituan Dianping	China
Prosus	China
Fu Shou Yuan	China
Trip.com	China
JD.com	China
Digital Garage	Japan
China Feihe	China
Basic-Fit	Netherlands
Nien Made	Taiwan

JUNE 2024		
TOP 10 POSITIONS	COUNTRY	KEY BRANDS
Alphabet	USA	Google, Youtube
Galderma	Switzerland	Dysport, Cetaphil
Haleon	UK	Sensodyne, Panadol, Voltarin
Zoetis	USA	Simparica Trio, Apoquel
Inditex	Spain	Zara
Amazon	USA	Amazon.com
Heineken	Netherlands	Heineken
Beiersdorf	Germany	Nivea, Eucerin
Visa	USA	Visa
MetaPlatforms	USA	Facebook, Instagram, Whatsapp

Source: Platinum

Galderma has strong brands in the field of aesthetic medicine. These include their Botulinum toxin brand, Dysport, which is second only to Allergan's Botox. They also own strong brands in fillers and biostimulators such as Restylane, used in lip enhancements. Readers less inclined to cosmetic surgery may nevertheless be familiar with their skincare products, sold under the Cetaphil brand, which are stocked by pharmacies throughout Australia.

Zoetis was Pfizer's animal health business before becoming an independent company in 2013. Today, it is the leading animal health business globally – and by quite some margin. Zoetis tends to focus on developing medicines for companion animals like cats and dogs. Their brands may be unfamiliar to Australians because their business skews to the US market. Their Simparica Trio product is the second largest parasiticide brand globally behind Boehringer Ingelheim's Frontline/Nexguard. They also produce products like Apoquel and Librela which, respectively, dominate the market for the treatment of dermatological conditions and osteoarthritis pain in companion animals.

Outlook

In our view, the outlook for the global consumer is broadly favourable but somewhat mixed depending on geography.

Chinese consumer spending has been depressed for some time. There are promising pockets, such as a recovery in travel demand. However, we are also getting reports of incremental weakness, including in luxury goods where demand is soft and discounting more widespread.

The one, perhaps paradoxical, silver lining is that investor confidence now seems even more depressed than consumer confidence. This is creating some very attractive investment opportunities.

In Europe, consumers are slowly recovering from the 2022-23 inflation and energy-price shock. A number of our Europe-centric companies are reporting strong sales growth, including Inditex and Beiersdorf. Importantly, inflation continues to fall in the Euro Area. This is supportive of real income growth with wage growth of 5.3% running well ahead of inflation at 2.6%. Further support should come from looser monetary policy, with the European Central Bank and Swiss Central Bank already cutting interest rates and the Bank of England expected to follow shortly.

The US consumer continues to fly high. Fixed-rate mortgages,[2] high fiscal spending and a tight labour market are all contributing to this resilience. However, cracks are starting to appear with a growing number of consumer companies experiencing a deterioration in the operating environment. While investors may have low expectations in China and Europe, this is not the case in the US and that makes US equities vulnerable to any slowdown. We retain a significant underweight to US companies but expect fading investor optimism to ultimately present some opportunities to add to our US holdings.

We are satisfied with the current positioning of our portfolio. At its core lies a collection of high-quality companies that should be relatively resilient in the case of an economic downturn or unexpected shocks. We hold a meaningful portion of our portfolio in cash, awaiting an opportunity to deploy it on more favourable terms, particularly in the US.

2 Fixed-rate mortgages can, for a time, limit the effect of rising rates on mortgage borrowers

Platinum International Health Sciences Fund

Dr Bianca Ogden
Portfolio Manager

Overview

- The Biotech sector was volatile this quarter as the market's focus on tech – and especially on AI – dragged away attention and capital
- We continue to see exciting therapeutic advances in areas like weight loss and radiotherapeutics. In immune system therapies, there is a lot of interesting work being done on the vital communication – or miscommunication – between cells. This could have significant impact in areas like oncology or Alzheimer's and neurodegenerative diseases.

Performance

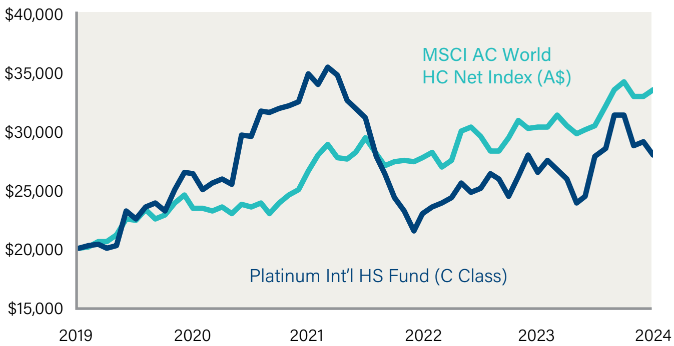
compound p.a.+, to 30 June 2024

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l HS Fund*	-10%	6%	-7%	7%	9%
MSCI AC World HC Index^	-2%	10%	8%	11%	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

30 June 2019 to 30 June 2024



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.

It is no secret investors have been transfixed with AI, Nvidia and the tech sector in general. The breadth of the market today is narrow and well-known growth stories are getting all the attention while many other parts of the market struggle.

Volatility on a quarter by quarter basis is high, particularly in the biotech sector and many stock moves are not reflecting the underlying fundamentals of a company. Great clinical data sees a significant rise in share price, often followed by a capital raise with shares drifting off in the months thereafter. Our holdings in **Apogee Therapeutics** (down 40% for the quarter, up 41% YTD) and **Vera Therapeutics** (down 16% for the quarter, up 135% YTD) fall into this bucket, hence we are looking to add to these stocks.

In addition, the widely-followed "XBI" Index[1] underwent a rebalancing towards larger, more liquid biotech stocks, putting temporary pressure on the smaller biotech segment and thus several of our holdings.

The life science tool sector continues to be volatile with lower capital equipment spending, a generally more cautious procurement environment and continued uncertainty about China sales. **Oxford Nanopore** (down 20% for the quarter) has been a poor performer given this more difficult environment. Given its price point and the potential in the diagnostic testing field we see Oxford Nanopore's technology as very attractive. We added to our position during the quarter.

Despite all the challenging market dynamics there has been exciting therapeutic progress. **Zealand Pharma**, the Danish biotech, announced positive data for petrelintide, the company's long-acting amylin analog. The data showed a competitive weight loss profile, but more importantly a very competitive side effect profile. Zealand subsequently raised almost US 1bn. This gives the company great flexibility in terms of clinical development but also strengthens the company when it comes to partnering negotiations. Zealand was up over 30% during the June quarter.

Merus Pharmaceuticals has also been a positive contributor to the Fund (+31%) given continued positive data for its bispecific antibody, petosemtamab[2] which is a treatment for head and neck squamous cell carcinoma.

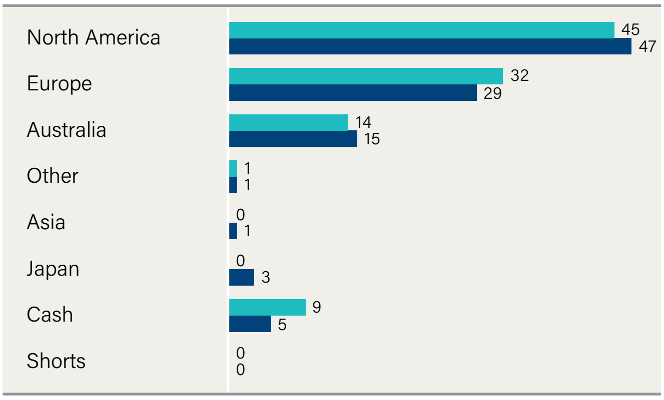
Radiotherapeutics have been a theme since the start of this Fund. As mentioned in a previous Quarterly Report, targeted radiotherapeutics saw a renaissance in recent years due to progress on the targeting agent front as well as in the supply of radionucleotides. In late March we participated in the **Clarity Pharmaceutical** equity raise as progress has been positive for lead therapeutic asset ^{67}Cu-SAR-bisPSMA, indicating good commercial potential. In late April, Clarity reported further promising early stage data in a prostate cancer patient that failed multiple other lines of treatment. Valuation subsequently doubled quickly, hence we trimmed our position a little.

Telix Pharmaceuticals has been a holding in the Fund since the IPO in 2017. Chris Behrenbruch and the Telix team have built a formidable company. However taking their global radiotherapy pipeline peers into consideration, valuation is stretched at this stage and we exited our investment.

1 SPDR S&P Biotech ETF

2 Bispecific Target: EGFRxLGR5

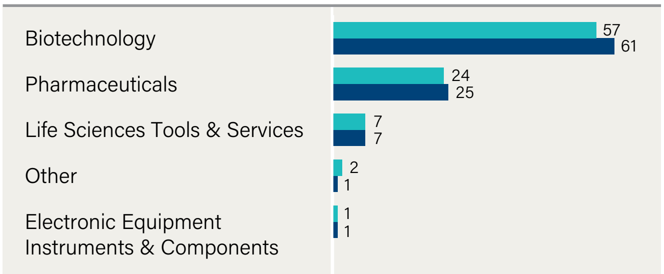
Disposition of Assets %



30 JUN 2024 31 MAR 2024

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

Net Sector Exposures %



30 JUN 2024 31 MAR 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
SpeeDx Pty Ltd	Australia	Health Care	5.8%
Zealand Pharma A/S	Denmark	Health Care	5.2%
Exscientia Plc	UK	Health Care	3.7%
Roche Holding AG	US	Health Care	3.4%
Sanofi SA	US	Health Care	3.1%
Oxford Nanopore Technologies	UK	Health Care	2.7%
Roivant Sciences Ltd	US	Health Care	2.5%
Bicycle Therapeutics PLC	UK	Health Care	2.5%
Apogee Therapeutics Inc	US	Health Care	2.5%
Percheron Therapeutics Ltd	Australia	Health Care	2.3%

As at 30 June 2024. See note 5, page 40.
Source: Platinum Investment Management Limited.

Commentary – A failure to communicate in the immune system

The immune system plays a role in almost any disease. We know that cancers and pathogens develop skills to evade the immune system, but we also know that the immune system can be out of control and cause autoimmune and inflammatory diseases.

The immune system is a complex network of many different cells that have an elaborate way of 'talking' to each other to deal with challenges – or to simply maintain the status quo. Our understanding of how this communication works has improved immensely as has our understanding of how the communication fails. Fixing the miscommunication is what many biotech and pharma companies focus on these days, whether in oncology or in Alzheimer's and neurodegenerative diseases. Immunology is an overarching theme across the industry.

Immune oncology is about forcing the immune cells to attack the tumor by eliminating the signals the tumor sends out to divert those immune cells. By developing drugs that amplify an immune response or, alternatively, by reprogramming immune cells altogether via cell therapy.

Cell therapy is powerful but comes with logistical challenges as generally the cells from the patient are harvested, manipulated in the lab and then reinfused into the patient. Side effects can also be challenging. However as is always the case in this industry, no challenge is too difficult and in recent years we have seen a lot of money invested to make immune cell therapy a commercial opportunity.

When it comes to cell therapy, investor attitudes can fluctuate. In 2017/18 T-cell therapy was a hot topic with Gilead buying Kite for almost $12b, while Celgene (now owned by Bristol Myer Squibb) acquired Juno Therapeutics for $9b.

Subsequently, enthusiasm for autologous T-cell therapy leveled off as commercially things were slow and focus shifted to different immune cells as well as off the shelf options. Today off the shelf has lost its shine while the next frontier cell therapy for autoimmune and inflammatory diseases has captured significant investments. This is indeed a very interesting area but in its infancy – so buyer beware.

In August 2021 Professor Schett and his team from the Friedrich-Alexander-University in Erlangen, Germany, published a case study of a patient with severe refractory systemic lupus erythematosus (SLE) who achieved clinical remission when undergoing autologous CD19 T cell therapy.[3] The team then followed up with another publication describing additional patients reaching remission in 2022.[4] The plot was thickening. Many management execs and board members reconsidered their cell therapy strategy and investors got excited. Biotechs focusing on cell therapy for oncology pivoted and today the challenge is to recruit patients and expand clinical datasets.

We have been watching the field carefully but struggle to identify differentiation between the different CD19 therapy approaches (this is the lead target in the space currently). There is a lot to be learned in term of what drives remissions, what biomarkers are indicative of success and how it will work commercially. Also more work to be done on how you can scale this more complex therapeutic modality given the patient numbers for autoimmune and inflammatory diseases are a magnitude higher than in oncology.

Recent clinical data caused a reset of valuations as it had become clear that expectations of 100% cure rates and 0% tolerability were misplaced and unrealistic. While many short term investors may have run for the hills, physicians (and long-term investors like Platinum) remain very interested and as Professor Schett has said recently… "anything which is more than 50% long term drug-free remission is a big success, because we don't get drug-free remission with our current therapy".[5]

Outlook

We believe the bioprocessing industry is in flux and that's creating mixed messages about growth rates in this sector.

Overall, biotech funding this quarter was more subdued versus the first quarter and the biotech IPO window remains narrow. Most newly listed companies are trading below the offering price, so private companies are rethinking their next steps. On the flip side, this is forcing private companies to stay private for longer. This could make their pipelines mature and ultimately allow for a better IPO market in the future, or, as a sell sider recently suggested to me, "more public-market ready".

Obesity and its comorbidities will continue to be a focus for the industry and the field will evolve from the current GLP1 molecules towards a more diversified set of therapies.

3 NEJM correspondence: Schett, NEJM 2021; 385:567-569

4 Mackensen, A., Müller, F., Mougiakakos, D. *et al*. Anti-CD19 CAR T cell therapy for refractory systemic lupus erythematosus. *Nat Med* **28**, 2124–2132 (2022). doi.org/10.1038/s41591-022-02017-5

5 J.P. Morgan: Biotech Fireside Series with KYTX's Scientific Advisor Dr. Georg Schett (17th June 2014).

Platinum International Technology Fund

Jimmy Su
Portfolio Manager

Overview

- Performance was boosted by holdings like **Qualcomm** and **Apple**. New AI capabilities could drive a refresh cycle in both PCs and smartphones and this would aid the growth of these businesses.
- While technology indices are trading near or at all-time highs we are not chasing return by adding lower quality businesses to the portfolio. Instead we are seeking out quality companies in sectors that have been left behind by recent market trends – for example in software businesses, which have lagged chipmakers.

Figure 1: Quality / growth matrix – PITF top 30 constituents

BUSINESS QUALITY	GROWTH POTENTIAL		
	LOW POTENTIAL	AVERAGE POTENTIAL	HIGH POTENTIAL
BEST IN CLASS	Visa, Apple, ICE, Universal Music Group	Google, Meta, Microsoft, Adobe, SAP, ASML, Cadence	–
ABOVE AVERAGE	Nintendo, Analog Devices, Qualcomm, Texas Instruments, NXPI	Netflix, TSMC, AMAT, Broadcom, Lam Research, Keyence, Constellation	Amazon, AMD, VEEV, Adyen
AVERAGE	Samsung, Micron	–	–
BELOW AVERAGE	–	–	–

Figure 2: Quality / growth matrix – PITF top 30 portfolio weights

BUSINESS QUALITY	GROWTH POTENTIAL		
	LOW POTENTIAL	AVERAGE POTENTIAL	HIGH POTENTIAL
BEST IN CLASS	12%	33%	–
ABOVE AVERAGE	10%	26%	11%
AVERAGE	2%	–	–
BELOW AVERAGE	–	–	–

Performance

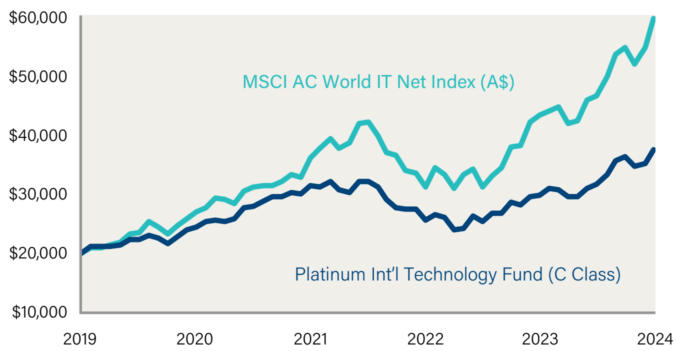
compound p.a.+, to 30 June 2024

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Tech Fund*	3%	26%	6%	13%	10%
MSCI AC World IT Index^	9%	37%	18%	24%	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

30 June 2019 to 30 June 2024



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.

AI value chain businesses - **TSMC** (+25%), **Broadcom** (+19%), **AMAT** (+13%) and **Oracle** (+12%) - all delivered double digit returns. The AI narrative also boosted Qualcomm (+15%) and new holding **Apple** (+23%) amidst hope that AI could drive a new refresh cycle in PCs and smartphones. **Google** was up over 15% after strong results.

AMD (down more than 10%) fell on management commentary around new products. Veeva (-20%) also slid as tightening IT budgets at pharma companies slowed top line growth and the CFO unexpectedly resigned.

Key changes to the portfolio are outlined below. Any reference to company quality and growth are made in line with our Quality / Growth matrix in Figure 1.

- We trimmed our position in **Nintendo** to fund our 3% position in Apple. At the time, both companies traded on similar valuations (low 20s FY2 PEs), but we think Apple is a better quality business, can better monetise users over their lifetimes by selling add-on hardware and services. It also has better long-term installed base growth prospects.
- We bought a 2% position in **Texas Instruments (TI)**, the world's largest analog semiconductor company. Historically, the sector was always considered a good business by investors (see the "entrenched hardware" section below). The market is concerned that TI is losing share to Chinese competitors whilst spending ~$20bn to add capacity. We think these competitive concerns are overdone as most of the share loss is in consumer electronics – a less attractive business TI is walking away from. In autos and industrials, which make up ~70% of TI's business, it is either holding or gaining share. We also think TI will make a ~25 – 30% ROIC on the $20bn in capex, boosting earnings and Free Cash Flow over the long term.
- We exited **Infineon** on concerns about Chinese competition in power semis and the rising risk of overcapacity in electric vehicle OEMs and the supply chain after years of investment.
- We trimmed our exposure to **Samsung** and **SK hynix** after a strong run.

Commentary – Five attractive models

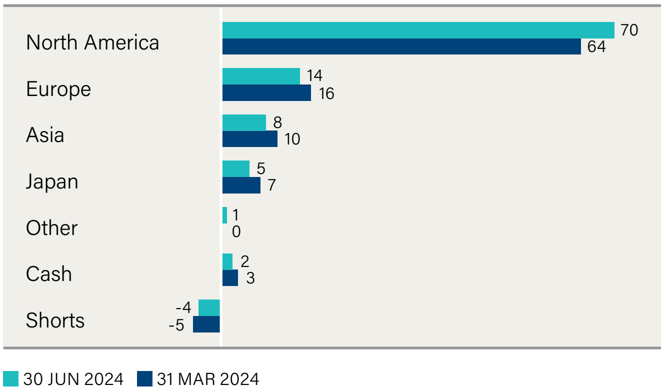
In the March quarterly, we outlined our investment process – buying a company at a discount to its potential to maintain a high return on capital and to its growth potential. To understand the former, we seek to know:

1. What value does the company bring to customers?
2. Why is this company preferred by customers over competitors?
3. Why does this company have pricing power?
4. Is management trustworthy and credible?

Companies which rank well on these questions typically make high margins and high returns on invested capital and sustain these high returns over a long time. We consider these companies "above average" or "best in class" in our quality/growth matrix. These companies make up ~90% of our long portfolio.

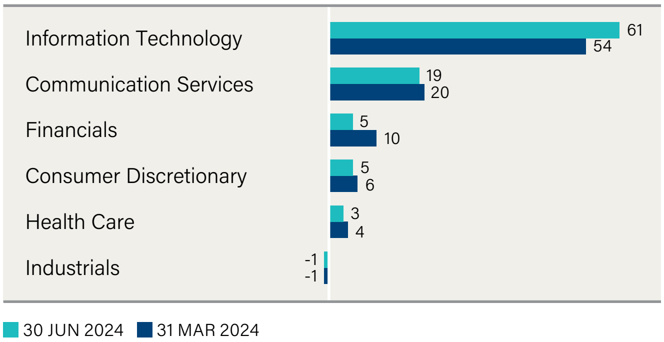
The technology sector has been a great place to look for companies who are, or could become , "above average" and "best in class". As Figure 3 (on the following page) shows, the sector is characterised by companies that delivered superior Returns on Invested Capital relative to the market.

Disposition of Assets %



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

Net Sector Exposures %



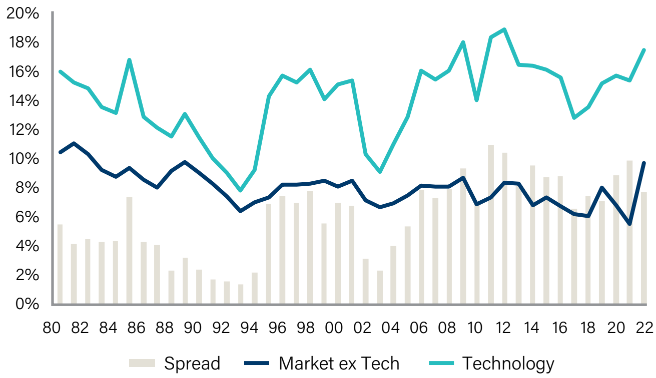
See note 4, page 40. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Alphabet Inc	US	Comm Services	6.1%
Taiwan Semiconductor	Taiwan	Info Technology	5.5%
Amazon.com Inc	US	Cons Discretionary	5.4%
Broadcom Inc	US	Info Technology	5.3%
Netflix Inc	US	Comm Services	4.9%
ASML Holding NV	Netherlands	Info Technology	4.9%
Meta Platforms Inc	US	Comm Services	4.4%
Adobe Systems Inc	US	Info Technology	4.4%
Microsoft Corp	US	Info Technology	4.2%
SAP AG	Germany	Info Technology	4.0%

As at 30 June 2024. See note 5, page 40.
Source: Platinum Investment Management Limited.

Figure 3: ROIC – tech vs market ex tech



Source: Bernstein, US largest 1,500 stocks, market cap weighted

We have identified five business models we believe persistently delivered high and sustainable long-term ROIC. Figure 4 shows the constituents of each group, portfolio weightings and average 5 year ROIC and how that compares to the market.

Figure 4: Business models, constituents, ROIC

BUSINESS MODELS	PORTFOLIO HOLDINGS	PORTFOLIO WEIGHTS	5 YR AVG ROIC
Supply side oligopolies	TSMC, ASML, Universal Music, AMAT, Lam, AMD, Qualcomm, Visa, ICE	28%	27%
Demand side aggregators	Google, Meta, Amazon, Netflix, Apple, Nintendo	25%	21%
Entrenched hardware	Broadcom, Keyence, Analog Devicesm NXP, Texas Instruments, Microchip	16%	14%
Entrenched software	SAP, Constellation, Oracle, Veeva, Cadence, Nice, Adyen	16%	16%
Industry standards	Microsoft, Adobe	9%	28%
PITF long portfolio (portfolio weighted average)		96%	21%
Tech sector (market cap weighted average)			15%
Market ex tech (market cap weighted average)			7%

Source: Bernstein analysis, Platinum estimates, US largest 1,500 stocks, market cap weighted.

1. Around 28% of the Fund is invested in *supply side oligopolies*. These companies often control unique technologies or have capabilities crucial to their customers. When combined with limited competition this grants them tremendous market power. In semi capital equipment suppliers, we own **ASML**, a monopoly on EUV machines that are critical for making high performance chips and **AMAT** and **Lam Research**, which operate in oligopolies in other parts of semi manufacturing. We also own **TSMC**, the only foundry in the world who can make leading-edge chips efficiently.

2. Some 25% of the Fund is invested in *demand side aggregators*. In the online world where there is infinite number of suppliers fighting for consumer attention and wallets, these companies facilitate discovery and/or distribution. These companies aggregate consumer demand by providing tremendous consumer surplus[1] and use this power to extract significant value from the supply side. Platform network effects and distribution lock ins typically result in winner-takes-most industry structures where effective competitors are rare. The services **Google**, **Meta** and **YouTube** provide to consumers are free but these companies command significant power over advertisers. Consumers shop on **Amazon.com** due to selection, price and the speed of Prime delivery. Amazon uses this to charge merchants increasingly higher fees. App developers and financial institutions pay **Apple** a fee to access its 1bn+ loyal users.

3. Around 16% of the Fund is invested in *entrenched hardware* companies. Their products are typically mission critical for customers' products but make up a small component of total costs. The companies have pricing power as price is a secondary consideration to performance, quality and reliability, switching costs are high and customers stick with them for a long time. Examples include analog semi companies **Analog Devices** and **Texas Instruments**. Analog components are chips used for processing real world continuous signals, for example converting temperature into digital signals. Given their complexity, designing analog chips requires a lot of engineering experience. The chips are often used in mission critical situations, for example in air bag sensors where the cost of the component is low but the cost of failure is high (e.g. the cost of a model recall). As such, pricing is a tertiary consideration. Once designed in, customers stick with the component for the life of the platform (up to 10 years) given the high cost of re-qualification. Similar dynamics also apply for **Broadcom** in networking.

4. Another 16% of the Fund is invested in *entrenched software* companies. Like their hardware counterparts, these software businesses are mission critical to customers' workflows and greatly enhance productivity. Their pricing power comes from this entrenched status. In our research, the analogy: "performing open heart surgery whilst the patient is running a marathon" was often used to describe the process of migrating to another vendor. Examples include **Veeva's** products for marketing, sales and R&D departments at pharma companies, **SAP**'s ERP and supply chain suite and **Oracle**'s database business.

5. Finally, around 9% of the Fund is invested in *industry standard software businesses*. Not only are these firms mission critical to customers' workflows, they also possess strong network effects due to broad industry adoption and need for interoperability. They typically capture the majority of the revenue in their respective vertical. Examples in our portfolio are **Microsoft** Office and **Adobe** Creative Cloud.

Outlook

With most tech indices at all-time highs, we remain disciplined and are resisting the temptation to go down the quality or risk spectrum in search of higher returns. Instead, we look for "best in class" and "above average" companies underappreciated by the market and uncorrelated to the AI capex cycle - such as SAP last quarter and Texas Instruments this quarter.

We are spending more time in software, which has underperformed semis this year (see Figure 5) and now trades cheap relative to history on PE basis (see Figure 6). The sector is currently out of favour as top line growth is slowing due to labour cuts at customers and slower IT spend amidst tightening budgets and cannibalisation from generative AI projects. We think this slowdown is cyclical and temporary and could provide us with attractive entry into some high quality companies.

Figure 5: Semis vs software performance

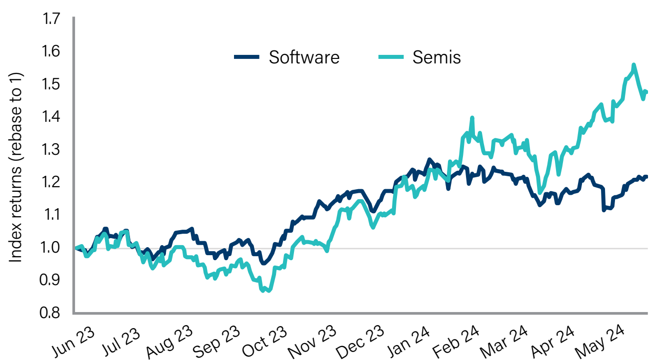
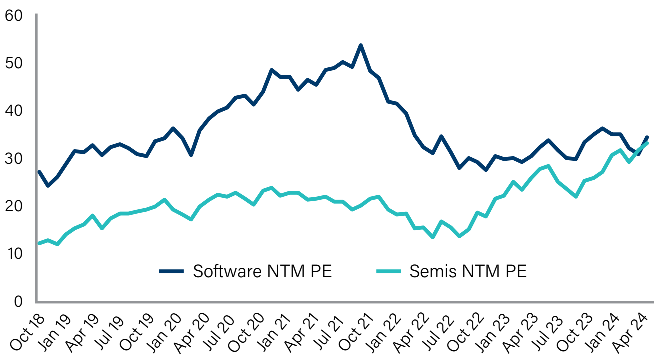


Figure 6: Semis vs software PEs



Figures 5 & 6 source: Bloomberg

1 The extra, free value consumers get from their services – for example free Gmail accounts.

Investment ideas and how we find them

By Douglas Isles, Head of Investment

Screening for meaning

Finding investment ideas is an analytical and creative process. We use sophisticated financial screening to explore price moves and company performance, seeking anomalies worth exploration.

Recently our screens lit up over a *comparative* anomaly. We were looking at two AI stocks - one Asian and one from the US. We noticed a threefold increase in revenue for the Asian stock had gone relatively unrewarded by the market. Its US comparator, with revenues up 'only' 40%, had risen sharply.

That anomaly alone wasn't enough to label the laggard as investment-worthy. But the screening process got us looking deeply into both companies and gave us a live investment idea to explore. It may well lead to an investment decision.

Pattern recognition

Idea generation is often about 'pattern recognition'.[1] In investment, that comes from experience, deep research, wide-ranging conversations and enough reflection to make connections.

Ball Corp is a leading US can manufacturer. It was a Covid beneficiary as consumers had spare cash and needed beer and Coke to get them through long days at home. They increased plant capacity.

Post-Covid, soft-drink and beer companies increased prices aggressively to offset inflation. That hit demand for cans.[2] However, we knew the soda/beer companies could only tolerate falling volumes for so long. Eventually they would cut prices to restore volumes and protect market share. We also calculated Budweiser sales would rebound. We were happy to invest in Ball after the stock fell from US$90 to US$44 on lost volume. As we expected, it bounced back into the high $60s as the market regained confidence in Ball's sales volumes

Bouncing Balls and cheaper chips

Our analysts recently spotted a similar pattern with Lamb Weston, America's largest chipmaker (the potato kind).

Like Ball Corp, Lamb Weston boomed during Covid and added capacity. Quick Service Restaurants (QSRs – an industry term for businesses like McDonalds) also expanded. Then raised prices to offset inflation. As sales slowed, Lamb Weston fumbled a major technology integration which meant they couldn't track inventory or deliver to customers. Market share fell.

We thought these were temporary issues. We knew QSRs couldn't tolerate falling sales for long and would discount to bring back customers. McDonald's $5 value meal is a classic response. We think Lamb Weston will solve their integration problem and win back customers. So we were able to a buy a company with a 40% share of its market after their price fell from US$110 to US$80 and it hit record low valuations. We see a similar pattern to the Ball story. There's a good chance the outcome could be the same.

Smart enough to ask the obvious question

Recently, industry veteran Andrew Clifford was discussing the AI boom within the team and asked: "Where's the money coming from?"

The ensuing insight – that AI investment sucks budget away from areas like Cloud technology – has us researching which Cloud companies will suffer and which can continue to grow.

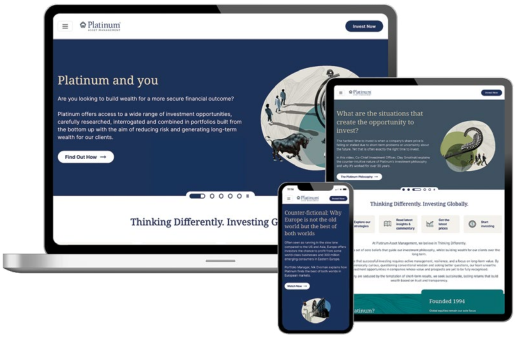
Investment ideas come from different places. Some come from grinding investigation. Some are instants of inspiration. Yet as Louis Pasteur said, "...chance favours only the prepared mind."

1 Science writer Michael Shermer calls humans "pattern-recognition machines."

2 The Bud Light influencer scandal also had an effect, costing Anheuser Busch – a key Ball customer – US$1.4 billion in lost sales (Source: Fortune).

Highlights from The Journal

Want to know what's happening to equity markets and individual stocks – and get more in-depth insight into Platinum's investment strategies? There's a range of articles and videos in **The Journal** section of our website.



ARTICLE

Why Japan's challenges are good news for investors[1]

With a shrinking population, stagnant workforce, falling currency and geopolitical uncertainties, Japan has its share of challenges. But Japan's response to those challenges is making life better for investors.

VIDEO

Geopolitics and investing in 2024[2]

Co-CIO Andrew Clifford discusses what he believes is the biggest geopolitical issue of our times. Then talks about the complexity of investing decisions in times of change – and why that change creates opportunity as well as risk.

ARTICLE

Not your stock-standard stock exchange[3]

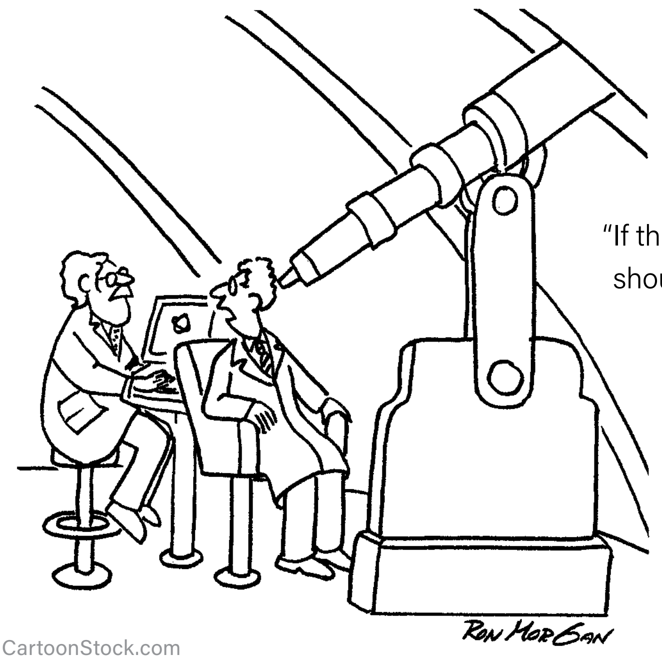
The London Stock Exchange Group is built on a fabled past, the latest trading technology and a killer business model. In this video/article we dive into all these elements and into our investment case for the stock.

VIDEO

Heineken: refreshing the parts[4]

Heineken's newish CEO is cutting costs and lifting productivity at the Dutch giant. But there's plenty of other reasons to invest in the world's second biggest brewer – as Platinum's Andrew Baud explains.

Some light relief



"If the universe is expanding, shouldn't we invest?"

CartoonStock.com

1 www.platinum.com.au/the-journal/japan-has-problems-that's-good-news-for-investors

2 www.platinum.com.au/the-journal/shifting-tectonic-plates-geopolitics-and-investing-in-2024

3 www.platinum.com.au/the-journal/not-your-stock-standard-stock-exchange

4 www.platinum.com.au/the-journal/heineken-refreshing-the-parts

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.

About us

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$13 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.

Investor services numbers

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