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 SEPTEMBER
2024

FEATURE ARTICLE

YOU ASKED US:

We feature investor and adviser questions from the annual Platinum Roadshow

ALSO INSIDE

Is the dragon turning?

Co-CIO Andrew Clifford has been investing in China for 30 years. Here's his take on recent events.

Contents

Performance Returns

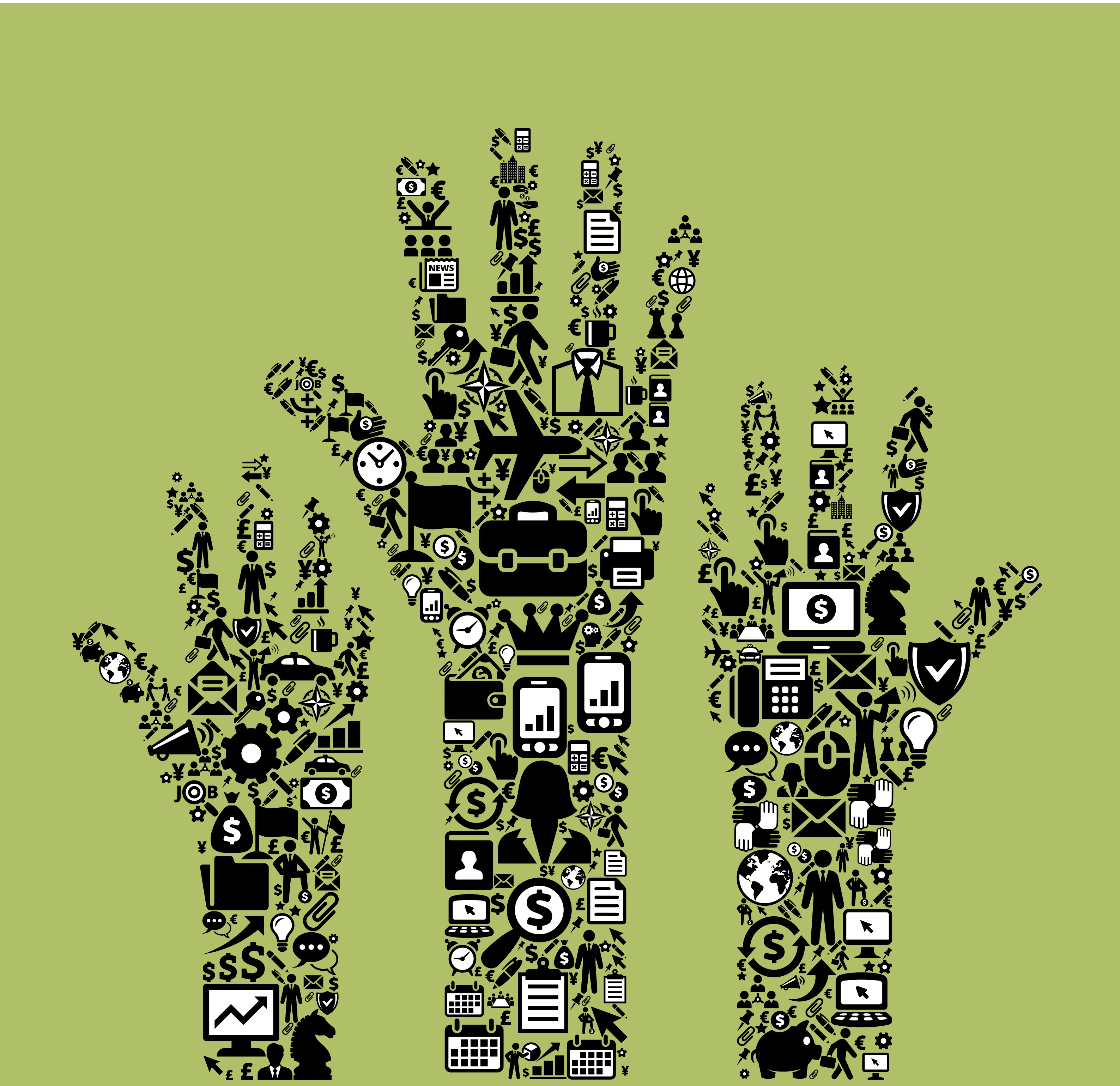
to 30 September 2024

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)	**4,903.0**	**1.5%**	**6.7%**	**10.8%**	**4.7%**	**6.0%**	**11.2%**	**30 Apr 1995**
Platinum International Fund (P Class)	25.2	1.6%	7.0%	11.1%	5.0%	6.2%	6.6%	03 Jul 2017
MSCI All Country World Net Index in (A$)		2.6%	22.6%	21.5%	9.6%	11.6%	7.9%	30 Apr 1995
Platinum Global Fund (Long Only) (C Class)	**151.2**	**0.3%**	**7.5%**	**14.9%**	**3.1%**	**6.0%**	**9.7%**	**28 Jan 2005**
Platinum Global Fund (Long Only) (P Class)	2.7	0.4%	7.7%	15.2%	3.3%	6.2%	6.8%	03 Jul 2017
MSCI All Country World Net Index in (A$)		2.6%	22.6%	21.5%	9.6%	11.6%	8.6%	28 Jan 2005
Platinum Asia Fund (C Class)	**2,195.6**	**9.9%**	**17.9%**	**13.6%**	**2.0%**	**7.7%**	**12.5%**	**04 Mar 2003**
Platinum Asia Fund (P Class)	8.5	10.0%	18.2%	13.9%	2.2%	7.7%	7.5%	03 Jul 2017
MSCI All Country Asia ex Japan Net Index in (A$)		6.3%	20.0%	15.1%	2.0%	6.0%	9.1%	04 Mar 2003
Platinum European Fund (C Class)	**253.5**	**1.6%**	**7.7%**	**14.8%**	**2.2%**	**4.1%**	**10.2%**	**30 Jun 1998**
Platinum European Fund (P Class)	3.0	1.7%	8.0%	15.1%	2.5%	4.3%	5.5%	03 Jul 2017
MSCI All Country Europe Net Index in (A$)		2.4%	16.5%	22.5%	7.1%	7.7%	4.1%	30 Jun 1998
Platinum Japan Fund (C Class)	**252.3**	**0.6%**	**-1.2%**	**5.6%**	**-0.1%**	**2.6%**	**12.0%**	**30 Jun 1998**
Platinum Japan Fund (P Class)	4.9	0.6%	-0.9%	5.9%	0.1%	2.9%	4.7%	03 Jul 2017
MSCI Japan Net Index in (A$)		1.8%	13.1%	19.1%	4.1%	6.5%	3.8%	30 Jun 1998
Platinum International Brands Fund (C Class)	**279.0**	**8.7%**	**3.7%**	**6.2%**	**-4.7%**	**5.1%**	**10.7%**	**18 May 2000**
Platinum International Brands Fund (P Class)	0.9	8.8%	4.0%	6.4%	-4.5%	5.4%	6.0%	03 Jul 2017
MSCI All Country World Net Index in (A$)		2.6%	22.6%	21.5%	9.6%	11.6%	5.2%	18 May 2000
Platinum International Health Sciences Fund (C Class)	**353.2**	**11.0%**	**19.8%**	**13.0%**	**-3.6%**	**9.1%**	**9.4%**	**10 Nov 2003**
Platinum International Health Sciences Fund (P Class)	9.4	11.1%	20.1%	13.3%	-3.4%	8.7%	8.9%	03 Jul 2017
MSCI All Country World Health Care Net Index in (A$)		2.3%	12.4%	11.3%	7.2%	10.6%	9.5%	10 Nov 2003
Platinum International Technology Fund (C Class)	**115.4**	**-3.3%**	**22.8%**	**22.8%**	**5.6%**	**11.3%**	**9.8%**	**18 May 2000**
Platinum International Technology Fund (P Class)	5.5	-3.2%	23.1%	23.1%	5.9%	11.6%	11.3%	03 Jul 2017
MSCI All Country World IT Net Index in (A$)		-2.7%	38.0%	36.7%	15.5%	22.1%	5.8%	18 May 2000

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

You asked us

At our annual Client Roadshow we talked about today's big investment themes and were delighted to answer investor and adviser questions *in person*. Here's an edited and updated review of some of those questions.



Q. Why continue to invest in China?

(pre-submitted adviser question)

Answer: Clay Smolinski, Co-Chief Investment Officer

Until recently[1] the Chinese stockmarket was in a serious slump.

- Economic growth was muted. It's averaged nearly 9% a year since 1978.[2] But Covid lockdowns and a property crisis broke that pattern. It fell to just 3% in 2022 and in 2023 was a comparatively weak 5.3%.[3]
- As they often do, the property crash in China bled into the wider economy, denting consumer spending, investor confidence and construction activity.
- Whilst Chinese policymakers had cut interest rates, wary consumers and businesses were more focused on repaying debt than using cheap money to spend or invest.
- Increasing competition between China and the West raised the risk of geopolitical instability (such as conflict in the Taiwan Strait) and economically damaging trade wars.

With all these forces working against it, why did we continue to invest in China?

When we compared investment opportunities from around the world we found there were many high quality companies in China, delivering healthy profits and selling at very attractive valuations. Our view was that any positive change – such as effective stimulus policies or a resolution to the property crisis – could see a significant upward revaluation of Chinese stocks.

We've been here before

This is not the first time Platinum has invested in a market that looked unattractive on economic fundamentals.

The most powerful parallel is the United States in 2012. The US was dealing with the aftermath of the GFC – the very definition of a property crash.[4] New home starts had fallen 70% and unemployment was 8%. Despite low rates, consumers and entrepreneurs stayed on the sidelines.

As the chart below shows, sentiment was so poor that some very high quality businesses were available at bargain prices. As the right column indicates, they then delivered stellar returns for long-term investors.

There's a lesson here around focusing on quality and value even when sentiment and economic news is negative. In 2012 Platinum had one of its highest ever exposures to US stocks and benefited from the extraordinary recovery in some of these stocks.

COMPANY	2012 VALUATION (PRICE/EARNINGS, NEXT 12 MONTHS)	STOCK RETURN FROM THAT POINT TO TODAY?
Microsoft	9 x	up 1400%
Apple	11 x	up 1000%
Moody's	12 x	up 1200%
Mastercard	16 x	up 1100%

Source: FactSet Research Systems. Valuations are as at 1 June 2012. Price return is calculated from 1 June 2012 to 26 August 2024. Past performance is not a reliable indicator of future returns.

Q. What opportunities is the market not fully appreciating?

(pre-submitted adviser question)

Answer: Nik Dvornak, Portfolio Manager, Platinum International Brands Fund

Opportunities often occur when a **change** is not fully understood by the market. That can allow us to buy good companies at attractive prices.

Autonomous vehicles are one example. Five years ago there was a lot of hype about driverless cars. Now there's much less noise but much more reality. In Phoenix, Arizona, a company called Waymo has been running driverless taxis for four years. They've been operating in San Francisco for two years. Waymo's driverless taxis now do 50,000 trips per week.

This could be a huge social and economic change. The next generation may never need to own a car or learn to drive. We're investing in this theme through Alphabet (Google) which owns Waymo. And through companies like Microchip which make the semiconductors these vehicles use.

1 As we write (late September 2024) the Chinese government had just announced a set of stimulus policies. Chinese stocks soared.

2 https://www.worldbank.org/en/country/china/overview

3 https://tradingeconomics.com/china/full-year-gdp-growth

4 For a dramatic but insightful retelling of the genesis of the GFC, see Michael Lewis', *The Big Short*.

Interest rate normalisation

Many companies were negatively affected by the long run of post-Covid rate rises. As rates normalise (the US Federal Reserve cut rates by half a percent on 18 September) some of those companies could bounce back strongly.

One Platinum holding we believe could gain from that trend is the US credit bureau TransUnion. They collect lending data on consumers: who is paying back their loans, how often they miss payments and so on. Banks need this data to decide who to lend to and how to price their loans.

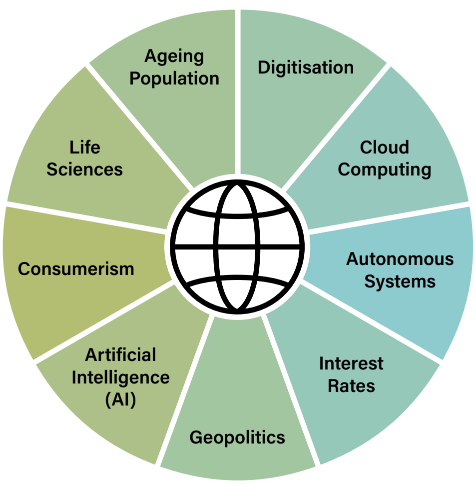
We think TransUnion is an exceptional business. Barriers to entry are high. Competitors are few. It collects data once but can sell it many times, so it can scale-up easily. Over the last decade it's grown threefold and averaged a 50% Return on Capital.

So why doesn't everybody own it?

Rising interest rates hurt TransUnion because US mortgage applications fell 75% as interest rates peaked. Mortgage data was a huge part of their business so the stock price halved over 2022. That temporary problem gave us a rare opportunity to buy this exceptional business at a Price to Earnings ratio of around 17.

So now we own a business aligned to the growing use of consumer data by banks, insurers, retailers, advertisers and governments. With all sorts of exciting AI applications coming, this data will only get more valuable. TransUnion also has a 70% market share in India, a market growing 30% p.a.

Global Investment Themes



"When assessing the opportunity set of potential investments it's intuitive to think in terms of Investment Themes".

Nik Dvornak

Q. Can you discuss the performance of the Platinum Asia Fund?

(live audience question)

Answer: Cameron Robertson, Portfolio Manager, Asian Strategies

The Fund has matched or beat the MSCI AC Asia ex Japan Net Index for five years, 10 years and since inception but over the past three years performance has been weaker.[5] Over that period, many Asian economies and businesses continued to grow, but their valuations fell, creating a challenging environment for investors. The region – and the portfolio – have been held back by a couple of factors.

Economic weakness in China affects Chinese companies but also Asian companies who have sold into China or supplied its importers. While China has been weak since Covid, a recovery will be felt across the region – and likely reflected in Asian sharemarkets.

Asia is dominated by emerging market (EM) economies. They can generate attractive long-term growth, but are vulnerable to underperformance when US rates rise. In a rate rise environment, global investors switch capital out of EMs into the US, attracted by a lower-risk, cash return in US dollars. As the US rate environment changes, money could flow back to Asia's sharemarkets.

As I've written in my recent Quarterly Reports, the portfolio is now fully invested and we've kept very little cash in the Fund. We are finding many attractively valued opportunities. With US rates starting to decline and China taking increasingly aggressive action to bolster its property market, economy and private sector, the headwinds of the past couple of years may turn into tailwinds for investors in Asia.

5 As at 30 September 2024, Source: Platinum.

Q. How do distributions work in managed funds like the Platinum Trust Funds?

(in-person client question at Roadshow)

Answer: Douglas Isles, Head of Investment

It's important to bear in mind the structure and legal rules governing managed funds when you look at your distributions.

Unlike listed investment companies or industrial companies, where the Board decides what dividend to pay, managed funds like the Platinum Trust Funds, must **by law** distribute, within the Australian tax year:

- income – the dividends received from shares held in the Fund, plus interest on any cash; and
- realised capital gains – any net gains on the sale of shares.

The distributions you receive may include a range of different tax components. These components have different tax implications which are shown in your Annual Distribution and Tax Statement from Platinum.

A large Fund distribution does not always correlate with strong Fund performance (and vice versa, a small distribution does not always correlate with weak performance). The amount of the distribution is influenced by dividends received, the amount of realised gains on the sale of the shares during the year, any gains/losses on shorting and the bringing forward of prior year capital tax losses.

It's important to remember that ultimately, the objective of a Platinum Trust Fund is long-term capital growth and therefore we will hold shares if we believe they have further upside. As that growth has not yet been 'realised' (the shares aren't yet sold), you benefit from the growth in the unit price. You aren't taxed on that appreciation until you withdraw units (or we eventually sell the shares within a Fund).

The tax you pay on distributions is separate to the Capital Gains Tax you may pay on the withdrawal of units in your managed fund.

Tax is complex and personal in nature. You should always consult your financial adviser and/or accountant about tax considerations.

Q. Why is the Platinum Asia Fund not more heavily invested in India?

(in-person client question at Roadshow)

Answer: Kirit Hira, Senior Investment Analyst, Asian Strategies

The MSCI India Index is up 40% over the past year.[6]

I've just returned from a research trip and, while India's long-term prospects are bright, there are signs of over-exuberance.

An extraordinary amount of retail investors' savings is going into the market – as high as 25% of financial savings. People are using unsecured debt to get into the market and there's a ballooning futures and options market – some 84% of all equity options globally were traded on Indian bourses in the June Quarter. The IPO market is also hot – one recent U$800m IPO was 60x oversubscribed.

In bull markets, companies down the quality/liquidity spectrum often do best. Small and mid-cap stocks are doing well but in an emerging market like India those stocks have high starting valuations and limited liquidity and we don't want to take on that risk. Public sector companies are also outperforming but they are often inefficient enterprises not completely focused on shareholder returns. The bull market is also extending to companies with demonstrated poor corporate governance.

The stocks we do own in India are truly world class. Interglobe, our largest holding in India, is the country's leading airline, with excellent profitability and on-time performance. It's a world class business on any measure.

There's amazing growth potential in India but right now we think valuations are excessive and we're focused only on the highest quality opportunities.

You can watch the Platinum Investor Roadshow in full via **The Journal** section of our website.

6 Source: Factset, 1/10/2024, local currency.

Platinum International Fund

Clay Smolinski
Portfolio Manager

Andrew Clifford
Portfolio Manager

Overview

- The Fund performed solidly this quarter, boosted by a strong performance from our key Chinese holdings which in turn benefited from a large and comprehensive stimulus/reform package announced by Chinese authorities.
- Another key portfolio theme – a recovery in interest-rate sensitive stocks – also played out during the quarter with good returns from US data bureau **TransUnion** (+40%), UK financial adviser/fund manager **St James Place** (+35%) and US mortgage disruptor **Intercontinental Exchange** (+15%).

Performance

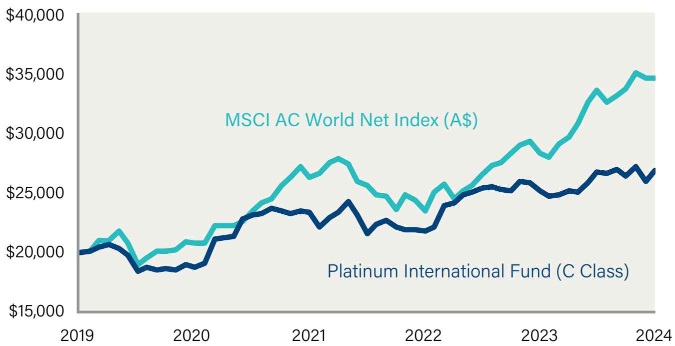
compound p.a.+, to 30 September 2024

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Fund*	2%	7%	5%	6%	11%
MSCI AC World Index^	3%	23%	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 September 2019 to 30 September 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 2% over the quarter, and is up over 6% over the calendar year to date.

The strongest contributors were our Chinese holdings, with the trigger being new measures by the government to stabilise the property market and boost the economy. The gains were broad, with the standout contributors being e-commerce player **JD.com** (+60%), insurer **Ping An** (+40%) and technology giant **Tencent** (+15%).

The other areas of strength were more nuanced. Our holdings in companies that benefit from falling interest rates performed well, with solid gains from **TransUnion** (+40%), **St James Place** (+35%) and **Intercontinental Exchange** (+15%). Elsewhere, global freight forwarder **DSV** rose around 25%, both on the release of solid operating results and confirmation of their deal to buy German rival DB Schenker.

The performance detractors were our Japanese holdings and semiconductor companies.

The Japanese market is currently highly correlated to moves in the Yen. When the Yen rises we see a rotation into domestically focused companies and an outsized falls in exporters (Yen strength implies an impact on overseas earnings and at least a conceptual loss of competitiveness). This dynamic can be seen in the Fund's exporters such as **Toyota Motors** (-22%), **Toyota Industries** (-20%) and in **Minebea Mitsui** (-15%) results. By contrast, domestic construction company, **Taisei** was up around 5% for the quarter.

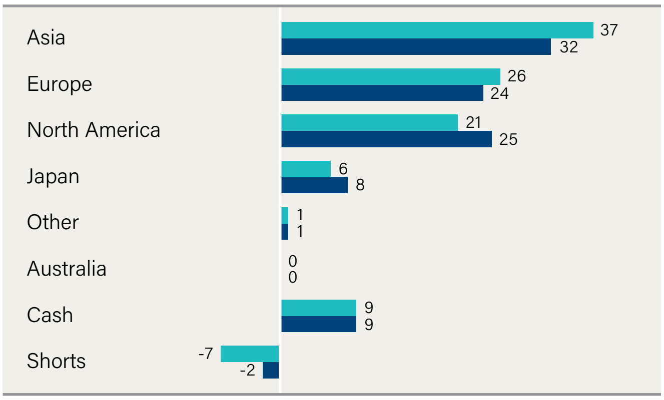
Our semiconductor holdings were a mixed bag. We saw gains in **Broadcom** (+5%) and pullbacks in names such as **Microchip** (-12%). **Samsung** was our single largest detractor (-24%). While Samsung has historically been the clear technology leader in memory, there is a perception that the company has fallen behind peers. While there is a narrowing of the gap between the three players due to rising manufacturing complexity, we nevertheless believe Samsung's scale offers them cost leadership in a commodity market. Samsung was late to the high bandwidth memory used in AI, but the company is working hard with key customers and in time they should gain share.

Commentary – China finally commits

The most important event during the quarter was the combined statements from the Politburo and the People's Bank of China aimed at drawing a line under the property market and lifting the economy out of its slump. The breadth and tone of the announcements were notably more aggressive ('reverse the decline in the housing market', 'increase the force of fiscal policies', 'we must face up to the difficulties') and in a surprise move they explicitly called out support for the domestic equity market, encouraging investment. This has triggered a swift rally in Chinese stocks, with the mainland A-share index rising 25% in five days from the first announcement on September 23rd.

The context for the large rally is the following. Since the reversal of the zero Covid policy in January 2023 (and when it became obvious the Chinese economy would not recover on its own steam) the government has taken a very gradual approach to stimulus, preferring a series of small moves to support the property market and economic activity. None have been large enough to arrest decline. This unwillingness to 'go big' was increasingly interpreted by investors as the government being blind to the problems, leading to a loss of faith.

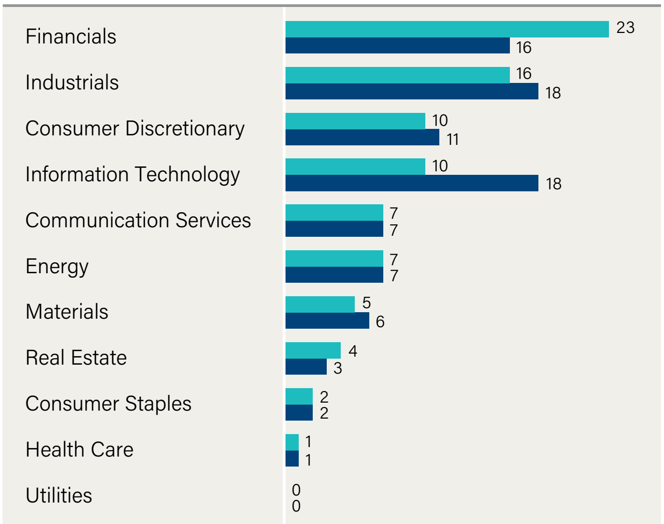
Disposition of Assets %



30 SEP 2024 30 JUN 2024

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

Net Sector Exposures %



30 SEP 2024 30 JUN 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
ZTO Express Cayman Inc	China	Industrials	5.4%
Tencent Holdings Ltd	China	Comm Services	4.0%
Samsung Electronics Co Ltd	South Korea	Info Technology	3.9%
UBS Group AG	Switzerland	Financials	3.7%
TransUnion	US	Industrials	3.5%
Allfunds Group Plc	UK	Financials	3.4%
Taiwan Semiconductor	Taiwan	Info Technology	3.0%
JD.com Inc	China	Cons Discretionary	3.0%
Intercontinental Exchange Inc	US	Financials	2.9%
Minebea Co Ltd	Japan	Industrials	2.9%

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

Readers who were investing through the GFC and Euro sovereign crisis may recognise this pattern. It is similar to what happened while the US Treasury and European Central Bank hemmed and hawed before they took large policy moves to end their respective crises.[1] Once the magnitude of the policy turn was recognised, investors immediately flooded back in, driving very attractive gains over the next year.

Does the new found policy commitment signal this is the turning point for Chinese equities? We can't know, but given the new policy direction has been endorsed by Xi and the authorities' credibility is on the line, there is a high chance of follow through.

What's more important for our investors is that due to that loss of investor faith, we were able to buy China's high quality, blue-chip growth companies valued at low teens or single digit P/Es, while their operational performance in both sales and profit growth strengthened even despite the tough economic backdrop. Given these valuations and the fact that the entire market was down 50% from its peak, if there is a *sustained* improvement in sentiment towards Chinese equities, there is scope for considerable upside from here.

Elsewhere in the portfolio we built substantial positions in Korean bank **Shinhan Financial** and Danish freight forwarder **DSV**.

1 In the GFC this was the move to fully recapitalise the banking system. The effective end to the EU sovereign crisis was Draghi's 'whatever it takes' speech, committing the ECB to prevent peripheral countries defaulting.

The interest in Shinhan resulted from the Government's 'value up' program, which is similar to the corporate reform push in Japan. Unlike many other Korean firms, the big two banks (Shinhan and KB Financial) have long sought to increase shareholder returns, but were prevented by the regulator, who preferred the banks to constantly hold more capital for a 'rainy day'. This had the dual effect of lowering Returns on Equity and ironically, leading the banks to enter marginal business lines to do something with all the excess capital they were forced to hold.

This situation has now been flipped under value-up, with the banks encouraged to increase shareholder returns and close their discount to book value. Shinhan has upped its payout ratio to 50% and plans to buy back a considerable portion of its shares. That should be very favourable for shareholders given the stock trades at only 6x earnings and 0.6x of book respectively.

DSV – experts think logistics

Freight forwarders are effectively brokers of logistical capacity (air/sea/truck), however as supply chains have become more complex, more corporates are outsourcing their logistics function to companies like Danish freight forwarder DSV. DSV has been an incredible success over the past 20 years, skilfully buying competitors, improving the acquired operations and thus increasing its scale advantage when negotiating with shippers.

We could see multiple reasons why DSV stock was mispriced and perception could improve. Firstly, there was intense investor debate about DSV's sustainable earnings power and disbelief in management's claims that it was structurally thanks to the Panalpina acquisition. Our own work supported management's view. Second, if DSV's bid to buy DB Schenker was successful it would give them another lever of growth. Third the desire for corporates to diversify portions of their supply chain away from China is adding complexity and that creates more steps for DSV to perform.

Since our investment, DSV's results have provided more comfort on the question of long run earnings power and their bid to buy DB Schenker was successful, pushing the shares 30% higher.

To fund these investments, we sold out of Japanese trading house **Itochu** and trimmed some of our travel holdings, namely Chinese online travel agency **Trip.com** and Indian low cost carrier **Interglobe**. We also trimmed our holdings in Broadcom, **TSMC** and **Micron** after strong price rises.

Outlook

The Fund is well positioned for a return of investor interest in Chinese stocks. If the policy measures drive an economic recovery, upside could come both from an increase in earnings (which are depressed due to the recession) and from a re-rating of valuation multiples. We need to keep in mind that any recovery will take time to unfold, with inevitable moments of doubt along the way.

The US market is at the other end of the spectrum. Both earnings and the economy have been strong, but there are signs of emerging weakness in the labour market and in consumption by low-income cohorts. The US Federal Reserve has cut rates, but just as interest rates act with a time lag on the way up, they act with lag on the way down. It remains to be seen if the cracks in the labour market intensify – and what that portends for the overall economy and US markets.

Platinum Global Fund (Long Only)

Clay Smolinski
Portfolio Manager

Overview

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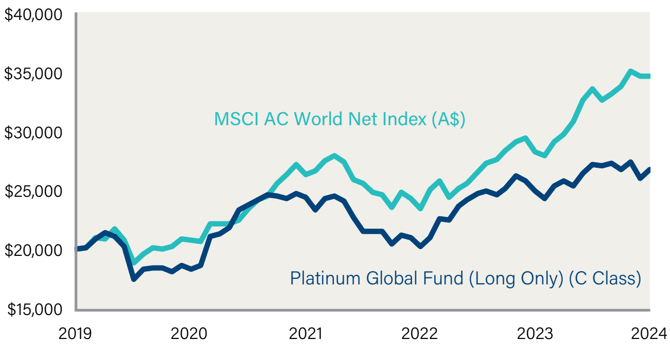

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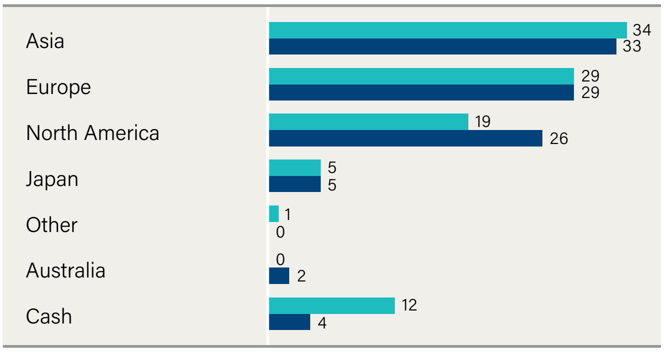
Our semiconductor holdings were a mixed bag. We saw gains in **Broadcom** (+5%) and pullbacks in names such as **Microchip** (-12%). **Samsung** was our single largest detractor (-24%). While Samsung has historically been the clear technology leader in memory, there is a perception that the company has fallen behind peers. While there is a narrowing of the gap between the three players due to rising manufacturing complexity, we nevertheless believe Samsung's scale offers them cost leadership in a commodity market. Samsung was late to the high bandwidth memory used in AI, but the company is working hard with key customers and in time they should gain share.

Commentary – China finally commits

The most important event during the quarter was the combined statements from the Politburo and the People's Bank of China aimed at drawing a line under the property market and lifting the economy out of its slump. The breadth and tone of the announcements were notably more aggressive ('reverse the decline in the housing market', 'increase the force of fiscal policies', 'we must face up to the difficulties') and in a surprise move they explicitly called out support for the domestic equity market, encouraging investment. This has triggered a swift rally in Chinese stocks, with the mainland A-share index rising 25% in five days from the first announcement on September 23rd.

The context for the large rally is the following. Since the reversal of the zero Covid policy in January 2023 (and when it became obvious the Chinese economy would not recover on its own steam) the government has taken a very gradual approach to stimulus, preferring a series of small moves to support the property market and economic activity. None have been large enough to arrest decline. This unwillingness to 'go big' was increasingly interpreted by investors as the government being blind to the problems, leading to a loss of faith.

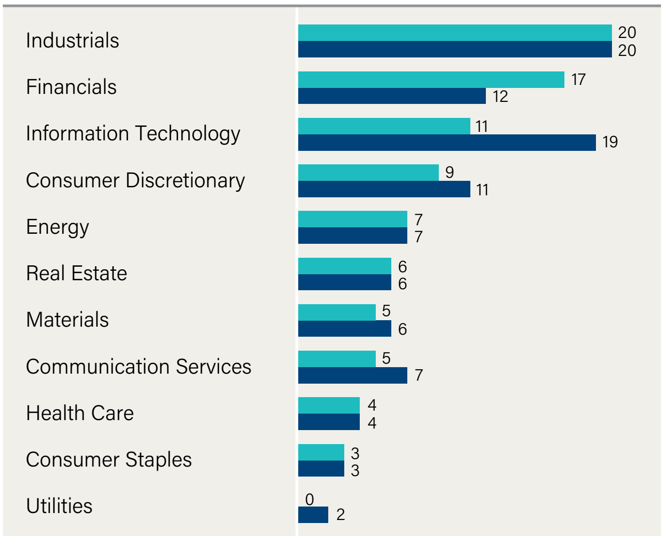
Disposition of Assets %



30 SEP 2024 30 JUN 2024

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

Net Sector Exposures %



30 SEP 2024 30 JUN 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
ZTO Express Cayman Inc	China	Industrials	5.0%
TransUnion	US	Industrials	3.8%
Tencent Holdings Ltd	China	Comm Services	3.6%
Samsung Electronics Co Ltd	South Korea	Info Technology	3.6%
UBS Group AG	Switzerland	Financials	3.4%
Foxtons Group PLC	UK	Real Estate	2.8%
Taiwan Semiconductor	Taiwan	Info Technology	2.8%
Allfunds Group Plc	UK	Financials	2.7%
Minebea Co Ltd	Japan	Industrials	2.6%
AK Medical Holdings Ltd	China	Health Care	2.6%

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

Readers who were investing through the GFC and Euro sovereign crisis may recognise this pattern. It is similar to what happened while the US Treasury and European Central Bank hemmed and hawed before they took large policy moves to end their respective crises.[1]

Once the magnitude of the policy turn was recognised, investors immediately flooded back in, driving very attractive gains over the next year.

Does the new found policy commitment signal this is the turning point for Chinese equities? We can't know, but given the new policy direction has been endorsed by Xi and the authorities' credibility is on the line, there is a high chance of follow through.

What's more important for our investors is that due to that loss of investor faith, we were able to buy China's high quality, blue-chip growth companies valued at low teens or single digit P/Es, while their operational performance in both sales and profit growth strengthened even despite the tough economic backdrop. Given these valuations and the fact that the entire market was down 50% from its peak, if there is a *sustained* improvement in sentiment towards Chinese equities, there is scope for considerable upside from here.

Elsewhere in the portfolio we built substantial positions in Korean bank **Shinhan Financial** and Danish freight forwarder **DSV**.

The interest in Shinhan resulted from the Government's 'value up' program, which is similar to the corporate reform push in Japan. Unlike many other Korean firms, the big two banks (Shinhan and KB Financial) have long sought to increase shareholder returns, but were prevented by the regulator, who preferred the banks to constantly hold more capital for a 'rainy day'. This had the dual effect of lowering Returns on Equity and ironically, leading the banks to enter marginal business lines to do something with all the excess capital they were forced to hold.

This situation has now been flipped under value-up, with the banks encouraged to increase shareholder returns and close their discount to book value. Shinhan has upped its payout ratio to 50% and plans to buy back a considerable portion of its shares. That should be very favourable for shareholders given the stock trades at only 6x earnings and 0.6x of book respectively.

1 In the GFC this was the move to fully recapitalise the banking system. The effective end to the EU sovereign crisis was Draghi's 'whatever it takes' speech, committing the ECB to prevent peripheral countries defaulting.

DSV – experts think logistics

Freight forwarders are effectively brokers of logistical capacity (air/sea/truck), however as supply chains have become more complex, more corporates are outsourcing their logistics function to companies like Danish freight forwarder DSV. DSV has been an incredible success over the past 20 years, skilfully buying competitors, improving the acquired operations and thus increasing its scale advantage when negotiating with shippers.

We could see multiple reasons why DSV stock was mispriced and perception could improve. Firstly, there was intense investor debate about DSV's sustainable earnings power and disbelief in management's claims that it was structurally thanks to the Panalpina acquisition. Our own work supported management's view. Second, if DSV's bid to buy DB Schenker was successful it would give them another lever of growth. Third the desire for corporates to diversify portions of their supply chain away from China is adding complexity and that creates more steps for DSV to perform.

Since our investment, DSV's results have provided more comfort on the question of long run earnings power and their bid to buy DB Schenker was successful, pushing the shares 30% higher.

To fund these investments, we sold out of Japanese trading house Itochu and trimmed some of our travel holdings, namely Chinese online travel agency **Trip.com** and Indian low cost carrier **Interglobe**. We also trimmed our holdings in Broadcom, **TSMC** and **Micron** after strong price rises.

Outlook

The Fund is well positioned for a return of investor interest in Chinese stocks. If the policy measures drive an economic recovery, upside could come both from an increase in earnings (which are depressed due to the recession) and from a re-rating of valuation multiples. We need to keep in mind that any recovery will take time to unfold, with inevitable moments of doubt along the way.

The US market is at the other end of the spectrum. Both earnings and the economy have been strong, but there are signs of emerging weakness in the labour market and in consumption by low-income cohorts. The US Federal Reserve has cut rates, but just as interest rates act with a time lag on the way up, they act with lag on the way down. It remains to be seen if the cracks in the labour market intensify – and what that portends for the overall economy and US markets.

Platinum Asia Fund

Cameron Robertson
Portfolio Manager

Overview

- The Fund had a very strong quarter with our Indonesian stocks doing very well and our Chinese holdings responding positively to the comprehensive stimulus package authorities announced late in the quarter.
- Over recent years Asian markets have been dragged back by Chinese economic weakness and by a high US interest rate environment that makes Emerging Markets comparatively less attractive. As Chinese stimulus kicks in – and US rates fall – both these pressures may ease, allowing the strong fundamentals in many Asian businesses to be rewarded by higher share prices.

Performance

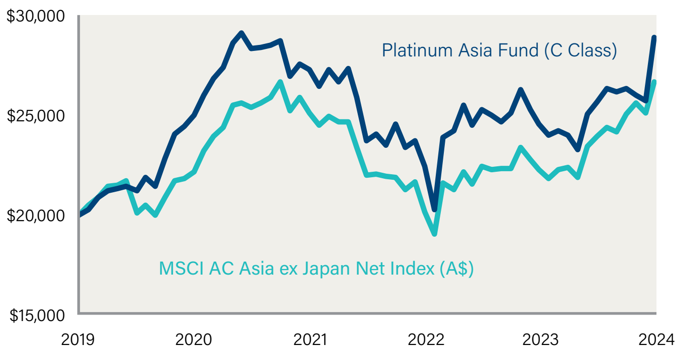
compound p.a.+, to 30 September 2024

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Asia Fund*	10%	18%	2%	8%	12%
MSCI AC Asia ex Jp Index^	6%	20%	2%	6%	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 September 2019 to 30 September 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 9.9% during the quarter.

This quarter saw market leadership change across the region, with many of our holdings across South East Asia and China leading the way.

Inflation started to recede around the world and we saw interest rates starting to come down in many markets, including in the US. Declining US rates are often associated with strong performance for Emerging Markets and it appears that relationship may prove true once again.

Our larger Indonesian holdings, leading auto & motorbike company **Astra International** (up around 14%), mall operator & property developer **Pakuwon Jati** (up around 40%) and sportswear retailer **Map Aktif** (up around 23%) all performed well.[1] Our Thai holdings, property developer **Supalai**, and generic drug manufacturer **Mega Lifesciences**, as well as the Philippine property developer **Ayala Land** (up nearly 30%), similarly saw their share prices rise.

Meanwhile, our Korean memory semiconductor holdings, **SK Hynix** (-26%) and **Samsung Electronics** (-24%), fell, as investors worried about the risk of a deteriorating supply-demand balance and an inventory glut. These concerns, and Samsung's challenges in their foundry business, also dragged down some of our smaller supply chain holdings like specialty chemicals company **Soulbrain** (-24%) and semiconductor equipment provider **HPSP** (-20%).

The Chinese market started the quarter weak but ended up staging a sharp rally, as the central bank and government announced measures to support markets and the economy. There were widespread gains across our holdings, with internet and e-commerce companies such as **JD.com** (up over 50%), **Alibaba** (up over 47%), and **Bilibili** (up around 50%) doing particularly well. Chinese grocery delivery company **Dingdong** (+70%) also had a good quarter, with results demonstrating the business model can deliver both healthy growth and profitability.

Commentary – The China train picks up speed

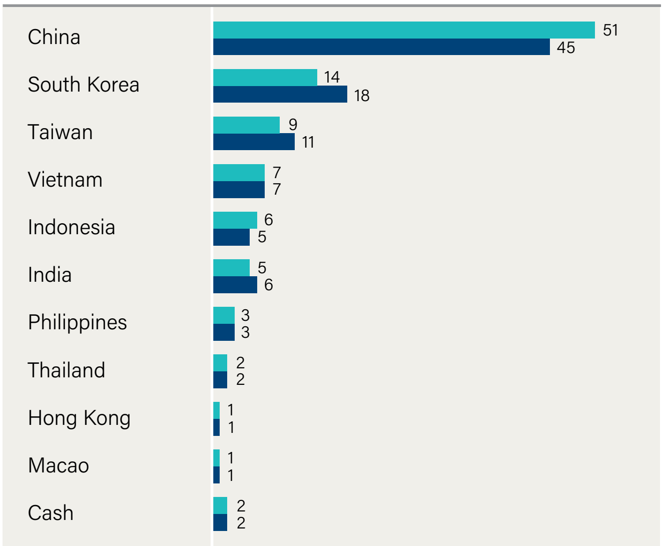
I'm writing this at 300kmh on a high-speed train in Central China, having just finished a week of meetings with current and prospective investee companies. While anecdotal observations should be taken with a grain of salt, sentiment appears a touch better than the last time I was in the country.

Property market woes remain entrenched and the scars of the COVID lockdowns remain raw. However, there is a palpable sense of excitement – or at the very least FOMO (fear-of-missing-out) – among retail investors, following the extensive stimulus announcements in late September and the subsequent market rally. There are reports of over 1.4 million new brokerage accounts being opened and brokers working on public holidays to get through their backlog. I've also had people from quite diverse backgrounds – from nurses to government officials – asking my thoughts on the market rally, whereas in the past if someone asked my occupation my response would have met with blank faces and the conversation then turn to other topics.

In the last week of September there was a swathe of policies and pronouncements from the central bank and government, addressing the weak domestic property and stock market, as well as the health of the broader private sector. These announcements are generally seen as directionally correct, with authorities pumping liquidity into the market and economy and some focus on stimulating demand.

1 For more on Indonesia's national plan for growth and what it means for investors, see our article: Indonesia climbs towards a Golden future

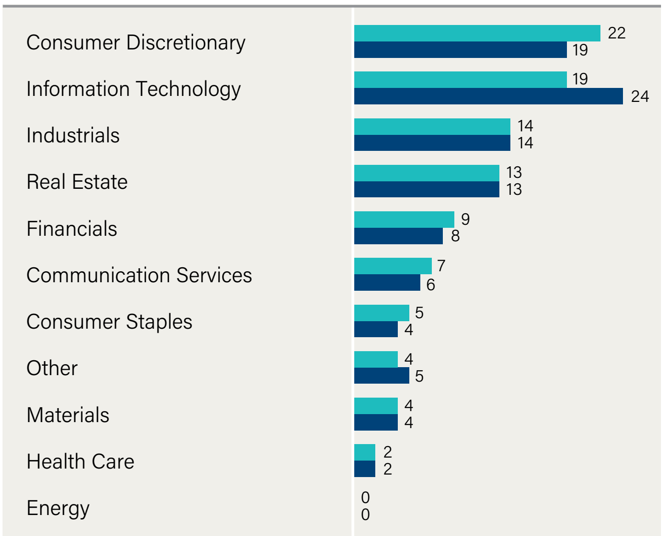
Disposition of Assets %



30 SEP 2024 30 JUN 2024

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

Net Sector Exposures %



30 SEP 2024 30 JUN 2024

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

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Taiwan Semiconductor	Taiwan	Info Technology	8.4%
JD.com Inc	China	Cons Discretionary	5.4%
SK Hynix Inc	South Korea	Info Technology	5.1%
Tencent Holdings Ltd	China	Comm Services	4.5%
ZTO Express Cayman Inc	China	Industrials	4.4%
Vietnam Enterprise Inv	Vietnam	Other	4.4%
Samsung Electronics Co Ltd	South Korea	Info Technology	4.3%
Ping An Insurance Group	China	Financials	3.8%
China Merchants Bank	China	Financials	3.5%
China Resources Land Ltd	China	Real Estate	3.2%

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

While the size of the measures announced to date may need to be stepped up and broadened out, what has captured people's attention is the sense the government is now taking the domestic malaise seriously and has promised to continue acting as needed to get the economy back on track.

The psychological effect of these measures can be as important as their direct economic effects. This is because many issues resolve easily in a positive and growing environment but are more intractable with a weak macro backdrop. So simply shifting sentiment towards the positive can have a self-fulfilling real-life effect. This is certainly something to watch over the coming months.

While we haven't made major changes to our Chinese holdings, there were small adjustments. We re-initiated a modest sized position in **Meitu**, the entrepreneurial company behind a popular photo editing app. In our estimation, the core asset more than underpins the value we paid, allowing us to essentially get the other promising assets within the group for free. Some of these emerging businesses look quite promising, for example a Canva-like software suite targeting small businesses' image creation and editing needs, which has rapidly gained traction in China. We sold out of our stake in the business less than a year ago simply because the share price moved up sharply and we felt it was no longer such a compelling risk-reward proposition. We are pleased to have been able to get back in at a reasonable price, while the business itself has been delivering on our expectations.

We also exited what proved to be an unsuccessful investment in Chinese industrial robotics company **Estun Automation**, as growth was failing to deliver the profitability we had expected. With stubbornly low margins, we felt our capital could be better put to work elsewhere.

Lower US rates, higher Indonesian growth?

Turning to Indonesia, the transition in government to incoming President Prabowo is about to take place. In the lead-up there were concerns he may take a more populist and less fiscally responsible approach to governing. However the incoming government have made consistent efforts to allay those fears.

Political noise like this, and the temporary pressure on the consumer that resulted in part from high interest rates[2] allowed us to expand our exposure to this market over the past year at what we believe are very attractive valuations.

We now have positions in a range of Indonesian companies, skewed to consumer facing industries such as retail, entertainment, property, paints and automotive. Despite ongoing healthy real-GDP growth in Indonesia, the consumer has had a tough time in recent years, so many of these consumer facing industries were depressed. We feel our portfolio is positioned to benefit from a healthier consumer environment in Indonesia and with US rates coming down the Bank of Indonesia may now have room to run a more domestically focused monetary policy and support the local consumer. The market is waking up to this positive outlook, leading to a healthy performance for many of our stocks during the quarter.

Outlook

As always, the short-term picture has puts and takes, with various factors having the potential to move markets: stimulus in China, global inflation trends, the US election, and many more.

As discussed over the past few quarters however, valuations appear attractive across the region. How attractive? We have seen perfectly good companies trading at significant discounts to the value of the cash they have in the bank – let alone any value being ascribed to their operations. So while stocks have had a short, sharp rally, many assets remain reasonably priced. If the domestic economies improve across Asian markets, leading to more rapid earnings growth, it could be a very attractive backdrop for investors in the region. Whether or not recent moves portend the start of a more favourable market cycle, at a minimum they serve as reminder of how rapidly markets can move on positive news, given the low valuations and the relative lack of investor interest in the region in recent years.

The team continues to actively scour the region for ideas and are finding plenty of interesting investment opportunities to pursue. The Fund remains fully invested.

2 A response to the high interest rates in the US rather than local conditions.

Platinum European Fund

Adrian Cotiga
Portfolio Manager

Overview

- Europe's markets were to some extent hostage to global events during the September quarter as weaker US data and a sharp rise in the yen shook up global markets.
- Slowing growth in Europe means rates are likely to come down further.
- Denmark's **DSV** was a standout performer during the quarter. DSV is a global freight forwarder with a long history of growth by acquisition. In recent times the market had over-reacted to some negative news about the stock, allowing us to invest at attractive prices. In September it announced its largest and most important acquisition, buying Germany's DB Schenker for some 14 billion Euros.

Performance

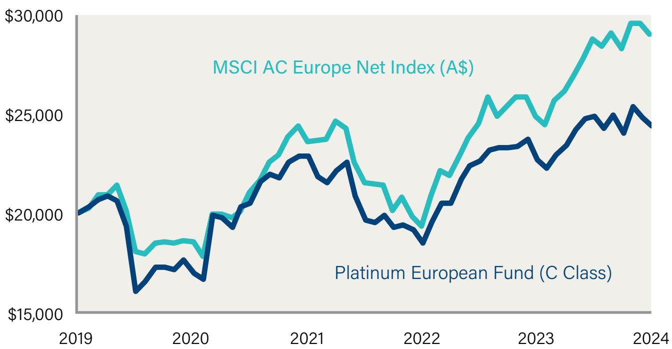
compound p.a.+, to 30 September 2024

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum European Fund*	2%	8%	2%	4%	10%
MSCI AC Europe Index^	2%	17%	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 September 2019 to 30 September 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.

Global events meant European markets had a choppy quarter with strong performance in July, followed by a sharp drawdown at the beginning of August on the back of weaker economic data in the US. This coincided with an unwind of the Yen carry trade as the Bank of Japan hiked interest rates by 0.25%. (The Yen carry trade is where investors borrow in a cheap yen to invest in higher-yielding global assets).

European economic activity is still weak. In September, the ECB decided to reduce the deposit facility rate by 25 basis points as inflation continued a downward trend. In this backdrop, financial services performed well, while energy and information technology were significant underperformers.

The strongest contributor to performance was **DSV A/S**, a global freight forwarder and a relatively new position in the Fund. It rose around 25% during the quarter. Flutter Entertainment was up over 20% on positive results and the announcement of better than expected long-term financial targets.

ASML, the Dutch lithography equipment giant, was the main detractor to performance (-22%). There were concerns about the macroeconomic backdrop, about restrictions on exporting to China and about Intel's plans to reduce capex (Intel is a key customer). We have taken profits on ASML – at much higher prices – but see the current weakness as an opportunity to buy.

Commentary – DSV – a mispriced global freight forwarder

In April we initiated a position in DSV. The incredible story of this business started in 1976 in Denmark when nine independent trucking companies came together to offer a cartage department for the owners, handling contract haulage and deliveries. From these humble beginnings, it has grown to become the 3rd largest global freight forwarder. Its share price has compounded at 20% per year for the past 20 years.

What does a freight forwarder do? Simply put, they buy transportation capacity from carriers – such as shipping companies – and sell it to customers who have goods to ship. Forwarders also provide value-added services: planning routes and organising shipments, managing shipping documentation and customs requirements, arranging the transport of goods to and from ports or beyond to terminals and over the 'last mile' to the customer.

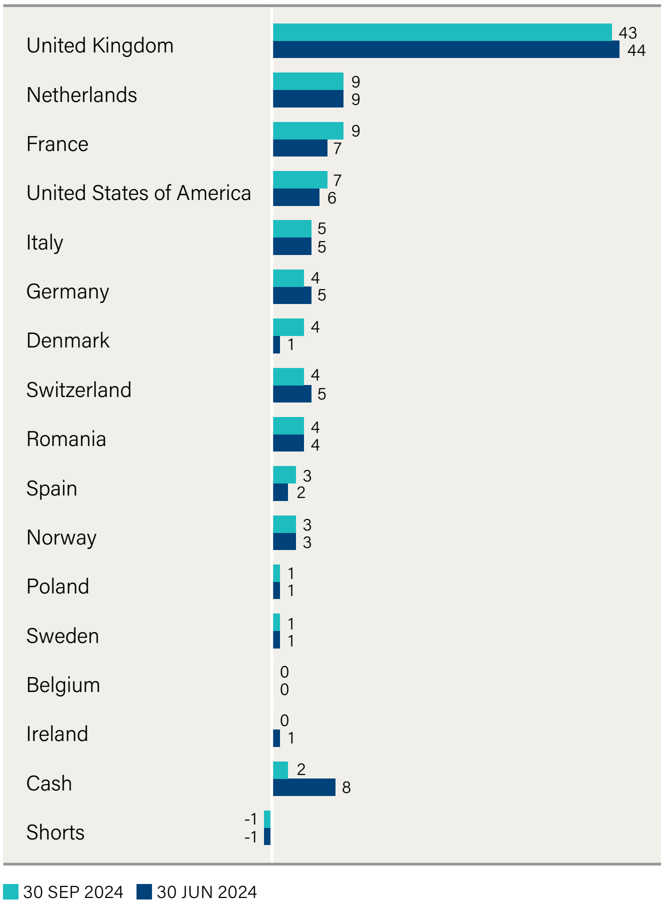
Large multi-nationals with global supply chains use forwarders to manage the complexity and risk in their global supply chain. Smaller customers use them to gain access to global transportation capacity at rates they normally couldn't afford. Businesses use forwarders to buy logistics functions that would be too costly to execute themselves.

Over the past 10-15 years, DSV was seen as a predictable, stable and high-quality business as it went about buying out competitors, rolled up a fragmented forwarding industry and expanded its margins. Their M&A playbook became highly refined through various deals such as UTI (2015), Panalpina (2019) and GIL (2021).

In 2023, this predictable and positive story changed, with management turnover, an ill-communicated Joint Venture announcement on a project in Saudi Arabia and a strategic shift towards organic growth (growing the business through operational improvement rather than acquisition).

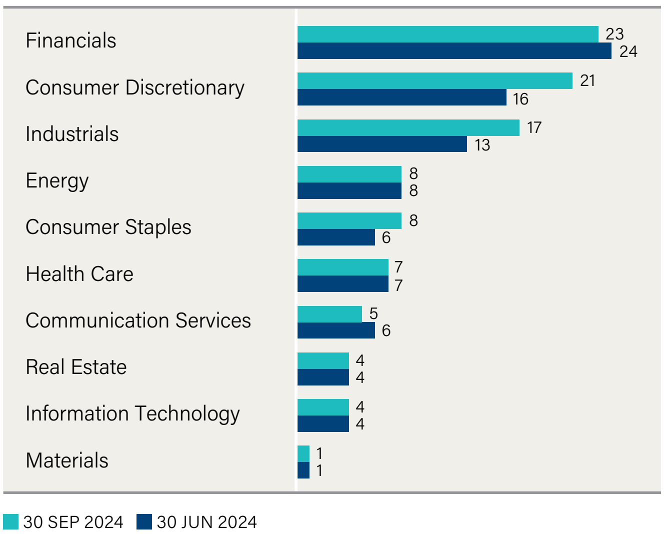
The market was also concerned that DSV was enjoying above average returns due to one-off factors and that a fall in earnings – and share price – was in prospect. We took a different view, seeing DSV as a quality business that was mispriced.

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
ASML Holding NV	Netherlands	Info Technology	4.2%
Allfunds Group Plc	UK	Financials	4.2%
DSV A/S	Denmark	Industrials	4.1%
Barclays PLC	UK	Financials	4.1%
Foxtons Group PLC	UK	Real Estate	3.9%
London Stock Exchange	UK	Financials	3.9%
Beazley PLC	UK	Financials	3.7%
Puma SE	Germany	Cons Discretionary	3.5%
Banca Transilvania SA	Romania	Financials	3.5%
Flutter Entertainment PLC	UK	Cons Discretionary	3.5%

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

Many ways to grow

Firstly, we believe the market misunderstood DSV's new level of base earnings. Freight forwarders benefited from the supply chain tightness during Covid that saw ocean and sea carrier rates rise rapidly.

A forwarder's gross profit can be thought of as a mark-up on the rate charged by the carrier as well as a value-added component. During Covid both these components increased and the market worried that a return to pre-Covid levels would have an outsized impact on DSV's earnings. We view these fears as misplaced because the Panalpina deal has changed the services and verticals DSV works in. This makes a pre-Covid comparison misleading.

Secondly, the response to the management changes were excessive. Over the past 12 months, DSV changed the Group CEO, CFO and COO as well as the head of the largest division, Air & Sea. Whilst this sounds negative, the new leaders average 23 years with DSV. New CEO, Jens Lund is the man who successfully drove the integration of acquired businesses – that's a clear positive.

Finally, the focus on organic growth has not stopped DSV pursuing acquisitions. CEO Lund had outlined an organic growth strategy focused on growing wallet-share of its top 50 customers from 10% to 15% within three years and to 20% within five years. The market viewed this as a signal that M&A was off the table.

We disagreed with this conclusion and liked the idea of DSV having multiple avenues to growth. We thought the management team *would* buy businesses if they met their hurdle – a 20% pre-tax Return on Invested Capital.

Late in the quarter our thesis was proved correct when DSV bought DB Schenker. DB Schenker (DBS) is the 4th largest freight forwarder in the world and is owned by the German government's Deutsche Bahn. This transaction will be the largest in DSV's history and the combined entity will be the largest global forwarder with ~7% market share. If DSV management can take DBS' margins up to its own levels, it implies 80-100 Danish Krone in earnings-per-share by 2028 and a total shareholder return in the mid-teens. That's attractive.

Outlook

Our European strategies are around 97% net invested. We're carefully watching trends in the global economy to see how they influence Europe. With a stagnating economy and potential disinflation, we expect the ECB to continue to reduce Eurozone rates.

However, Mario Draghi's[1], recent report on European competitiveness is a reminder that Europe faces significant challenges:

- energy prices 2-3 times higher than the United States and China
- overdependence on a handful of suppliers for critical raw materials and digital technology.

To tackle these challenges, Europe needs to aggregate procurement across a whole range of areas – energy (in particular LNG), defence procurement and R&D spending. Europe must improve its productivity and that requires investing in innovation and expanding R&D beyond autos and pharma. It means integrating the Single Market and Europe's capital market to enable private savings to fund the energy transition. The Russo/Ukraine war is reminder of the need to reduce supply chain dependencies.

Cynics may argue Draghi's recommendations are a justification for more EU – for more integration and more bureaucracy. However, to compete in today's world, scale is needed across many industries. Europe needs more global champions like Airbus.

What does this mean for Platinum investors? An incredible amount of change is ahead. This creates stock picking opportunities for the Platinum European Fund, as our experience suggests investors typically mis-price securities during periods of long term change.

1 (former President of the ECB)

Platinum Japan Fund

Leon Rapp
Portfolio Manager

Overview

- Japanese markets had a volatile quarter thanks to currency movements and political changes. However, by the end of the quarter policy continuity returned with a focus on growth and a cautious approach to monetary policy normalisation.
- Japan stockmarket valuations remain attractive and a continued corporate focus on investing in IT and improving management and governance makes the Japanese market an attractive-long-term play.

Performance

compound p.a.+, to 30 September 2024

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Japan Fund*	1%	-1%	0%	3%	12%
MSCI Japan Index^	2%	13%	4%	7%	4%

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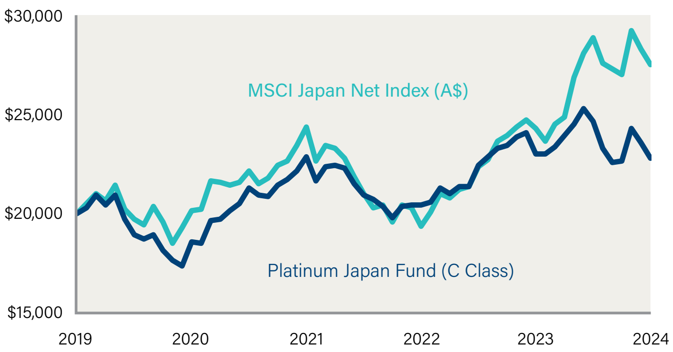
Value of $20,000 invested over five years

30 September 2019 to 30 September 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.

Contributors were **Fast Retailing** (+17%) which is now seeing strong domestic and international sales from UNIQLO. **FujiSoft** (+24%) rose on a takeover bid.

Performance was also aided by **Taisei** (+6%) which stands to benefit from increased construction demand and rising margins. **Hitachi** (+5%) rose on expectations of rising needs for grid and IT investments. **Toyota Motor** (-22%) fell on Yen strength and weaker production which also dragged down **Toyota Industries** (-18%). **Toho Titanium** (-20%) was affected by concerns supply chain bottlenecks would slow a ramp in civil aircraft production.

We continue to rebalance the portfolio, with new additions expected to benefit from higher real wages and consumer spending.

Rakuten is a leading diversified business-to-consumer tech conglomerate that operates e-commerce and fintech businesses. In 2020 it diversified into mobile telephony but despite initial hopes, poor network quality, higher churn rates and a rising investment burden resulted in significant operating losses. The stock subsequently derated, more than halving from its 2021 peak. However it appears they have now turned a corner, with sequential quarterly improvement in metrics, particularly a drop in churn rates and healthy subscriber growth. Losses in their mobile business have shrunk considerably and they could see breakeven on an EBITDA basis in FY25. Their network quality is also expected to improve as they rollout a 700Hz band this year. Given their more appealing pricing versus Softbank, KDDI & Docomo we think they are in a strong position to capture share.

Marui, is a hybrid fintech/mall operator focused on central Tokyo shopping locations. Some 75% of Operating Profit comes from fintech, largely credit card instalments and revolving credit. Marui is shifting its mall business from traditional apparel retail tenants to non-retail tenants which have better operating metrics. We should see rent levels recovering to pre-COVID levels and falling vacancies as consumer spending picks up. This also benefits the fintech business through rising transaction volumes.

JINS is a value-oriented eyewear retailer. They operate 495 stores across Japan, and are looking to expand internationally. Strong execution in their own-label products and a low-cost supply chain positions them to benefit from higher consumer spending and capture that strength through higher average selling prices and the sale of more premium lens options. We are seeing double digit same store sales growth while the stock is now better value vs its sector (historically a 35X multiple but now ~25X. That's slightly above the TOPIX retail sector average of 20~25X).

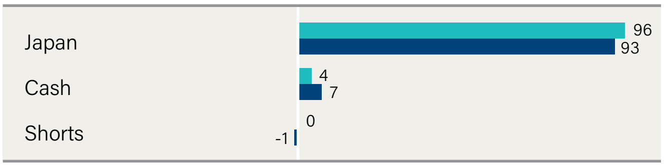
Commentary – A new broom, same as the old broom?

It was a macro-driven quarter for Japan. July saw the benchmark TOPIX hit an all-time high. In mid-July, uncomfortable with the USDJPY falling sharply, authorities intervened to stem further Yen falls.

In late July, the BOJ announced a relatively small rate hike to 0.25% and followed up with surprisingly hawkish commentary. This coincided with weaker US jobs data and dovish Fed commentary. What followed was a major market dislocation (see our Journal article) with a simultaneous carry trade unwind, resulting in a sharply higher yen and an equity market swoon. The first three days of August saw the Nikkei 225 drop some 20%.

In response to this sudden market stress, commentary from the BOJ turned dovish and maintained that any monetary policy normalisation would be slow. Forex and equity markets calmed and by the end of September markets had reclaimed nearly all of early August losses, even with the Yen settling at stronger levels.

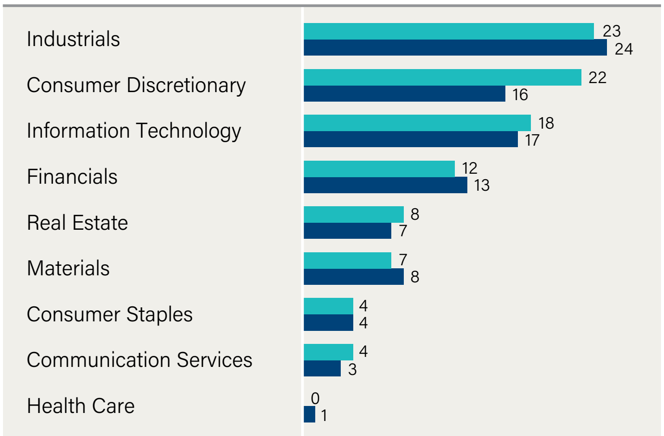
Disposition of Assets %



30 SEP 2024 30 JUN 2024

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

Net Sector Exposures %



30 SEP 2024 30 JUN 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
Sony Corp	Japan	Cons Discretionary	4.5%
Hitachi Ltd	Japan	Industrials	4.4%
Toyota Motor Corp	Japan	Cons Discretionary	4.3%
Fast Retailing Co Ltd	Japan	Cons Discretionary	4.2%
Taisei Corp	Japan	Industrials	4.1%
Keyence Corp	Japan	Info Technology	4.0%
MS&AD Insurance Group	Japan	Financials	4.0%
Fuji Soft Inc	Japan	Info Technology	3.9%
Mitsubishi UFJ Financial	Japan	Financials	3.9%
Unicharm Corp	Japan	Consumer Staples	3.8%

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

However, an LDP election for president to replace outgoing Prime Minister Kishida saw Shigeru Ishiba, perceived as a fiscal conservative and monetary policy hawk, emerge as the pick for PM. The new PM has moved quickly, calling a snap election for the end of October, implying further uncertainty.

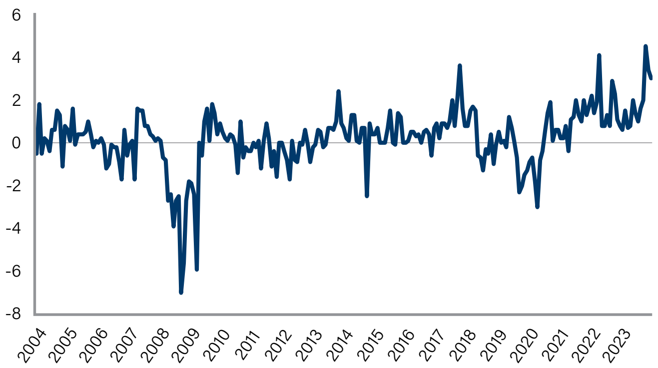
Market volatility likely reflects this uncertainty over Japan's fundamentals and whether we see policy changes that derail the positive outlook for Japanese equities. We are sanguine, however. Japanese policy makers have been alert to market volatility and moderate positions as appropriate. After emerging from decades of deflation, and multiple fiscal and monetary stimulus packages, we believe the agreed consensus among Japan's policy makers is that generating economic growth is a priority.

We think any new administration will remain committed to market-friendly initiatives and easy monetary policy and believe this is a supportive backdrop for Japan equities. In the meantime, the market's attention will likely swing back to the corporate fundamentals where positives remain intact: earnings growth, higher margins, improving returns on capital and increasing shareholder returns.

Outlook

Wage growth has long been elusive in Japan and is one reason why consumption remains below pre-COVID levels. However, we may be nearing an inflection point with nominal wages growing at 3-4% YoY, now outstripping inflation and delivering vital real wage growth for households. Widely followed annual wage negotiations between corporates and unions (the Shunto) kick off in October and end around March each year. These set the precedent for subsequent private sector wage negotiations, and here we are seeing positive signs. Suntory, Japan's venerable beverage maker, announced their early intention to hike base and seniority-based pay by 7% in FY25, setting a high benchmark for other large firms to follow. Should real wage growth become embedded in expectations, it could lead to that long-awaited rebound in consumption in coming years.

Cash Earnings in Establishments with 5 or More Employees, YoY % Change – Japan

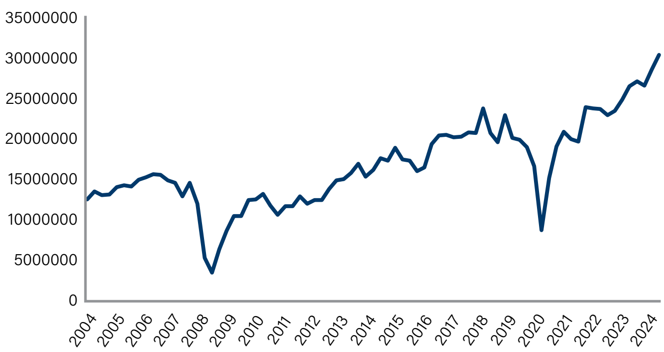


Source: Factset

In the meantime however, the Japan equity market is currently tracking currency movements closely, as signs of a clearly improving domestic economy remain tentative. This creates a widely-held belief that Japan is little more than a leveraged currency play – that Japanese equities rise when the Yen is weak only to drop when the currency rises. This is not always the case. There *are* long periods when the Japanese market delivered strong returns even as the currency appreciated (eg 2017, 2022), but there are fundamental reasons why this view appeals, given the high weighting of export-focused companies in the stock market index.

Yet this overly simplifies a more interesting reality of what is occurring in Japan, namely that earnings improvements are now being augmented by positive structural factors.

Ordinary Profits (non-Financials) Seasonally Adjusted, Japanese Yen (millions)



Source: Factset

Watch the micro

Primarily, we think Japanese companies are embarking on internal reforms designed to generate sustainable growth even in the face of a declining labour pool. They are investing in human capital, raising investment in automation and modernising enterprise IT systems, while focusing on efficiencies and core competencies within their business portfolios.

This is the beginning of a multi-year journey that has accelerated since COVID and is the type of structural shift long term investors – like Platinum – should be positioned for. Among our holdings we see an emerging willingness to cast off old traditions and adopt new approaches, notably an appetite for outside knowledge and an honest assessment of competitive strengths and weaknesses. That's strikingly different from the conservative, inward-looking managements of the past.

For example, mid-career hires, almost unheard of 20 years ago, are now commonplace in the job market. The external consulting industry, previously shunned, is now in the middle of a boom. The increasing presence of outside directors on Japanese corporate boards bring further valuable insight that previously would have passed a firm by.

These micro-reforms are often overlooked as their impact is difficult to measure, but their long-term positive effects are likely to be profound. We think such initiatives will show in steadily improving margins, better Returns on Equity, stronger top line growth, and more efficient balance sheets. Further, we think these changes are perhaps a harbinger of meaningful corporate reforms that still lie ahead.

Platinum International Brands Fund

Nik Dvornak
Portfolio Manager

Overview

- The September quarter was a turbulent one, featuring a reshaping of the US presidential race, a sharp sell-off in equity markets and rate cuts that eased market concerns. Our portfolio weathered this somewhat discordant period well.
- The outlook for the global consumer – and international brands – remains favourable. However, much depends on the vitality of the US consumer which is showing some signs of fatigue, following a period of significant price hikes. Conversely, tight monetary settings are now starting to ease with the US, European and Chinese central banks all cutting interest rates this quarter. A recovery in Chinese demand as a result of the recent stimulus package add further positive impetus to global brands.

Performance

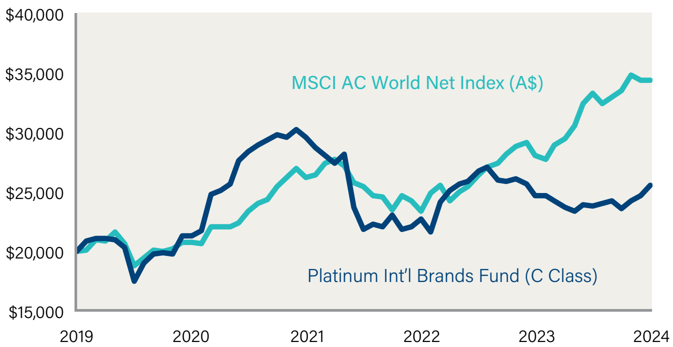
compound p.a.+, to 30 September 2024

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Brands Fund*	9%	4%	-5%	5%	11%
MSCI AC World Index^	3%	23%	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 September 2019 to 30 September 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 8.7% over the quarter in AUD terms.

US stocks continued to lead global equity markets higher this quarter but there was turbulence below the surface. The tech rally, spearheaded by companies perceived to be winners from the Artificial Intelligence (AI) boom, came to an abrupt halt in early July. A poor showing by President Biden in the first presidential debate triggered a rotation to more cyclical and domestically-focused businesses. Investors believe these businesses will benefit from the lower taxes, less regulation and higher tariffs envisaged under another Trump presidency.

In early August we witnessed a sharp sell-off in equity markets as weaker than expected July US labour market data and an interest rate hike by the Bank of Japan rattled investors. More reassuring US labour market data for August along with a 50-basis point interest rate cut by the US Federal Reserve helped settle nerves and the US market returned to its highs by the end of September.

While European and Japanese markets have yet to fully recover, both the Euro and Yen have appreciated significantly against the US Dollar during the quarter so these markets performed better than a superficial glance would suggest.

While interest rate rises seem to have significantly reduced inflation, it remains above the level targeted by most central banks. Investors are preoccupied with the question of whether monetary authorities can engineer a 'soft landing' or whether tight monetary conditions will tip the economy into recession before inflation can be tamed. With the Chinese domestic economy weak and European industry grappling with poor competitiveness, the US consumer is still the mainstay of global growth.

Yet the US labour market is now not as strong as it was. This is best reflected by wage growth which is running at around 4.4% p.a. and slowing. It was 6.0% p.a. a year ago. During the quarter many consumer-oriented businesses reported either marginally weaker demand or tempered their near-term outlook. Given the highly favourable starting point, a moderation in US consumer spending seems inevitable. The question is how severe this moderation will be.

Our portfolio weathered this somewhat discordant period well. We outperformed strongly during the equity market pull-back in early August which indicates that our efforts to improve the defensive characteristics of our holdings has borne fruit. It is also encouraging that the companies in the portfolio continued to perform well as markets staged their recovery.

Notable contributors to our performance include Chinese technology/e-commerce firms **Meituan** and **JD.com** – both up over 50%. We also saw good performance from UK consumer health company, **Haleon** (up over 20%), social network owner **Meta Platforms** (+13%), animal health business **Zoetis** (+13%) and fast-fashion pioneer and Zara-owner, **Inditex** (up around 15%).

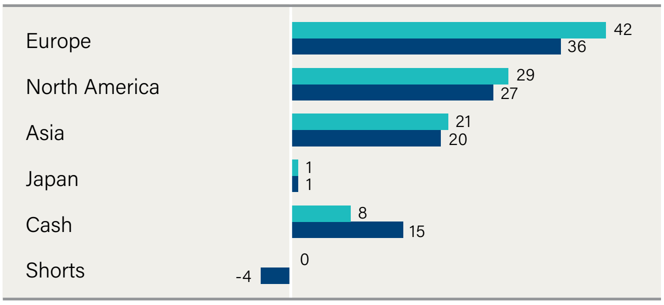
Notable detractors include global brewer, **Heineken** (-11%).

Commentary – a resilient core

In our March 2024 Quarterly Report, we explained our strategy for managing the portfolio. The portfolio will comprise a core element of established, dominant and growing global brands. This will be complemented by peripheral element comprising a collection of opportunistic investment ideas including turnarounds, disruptors and emerging brands. This restructure is now largely complete.

We used the market turbulence in August to add to our holdings of Amazon and Meta and to add some new positions. One example is **Sony**, the maker of the PlayStation game console and owner of large content libraries through Sony Pictures and Sony Music.

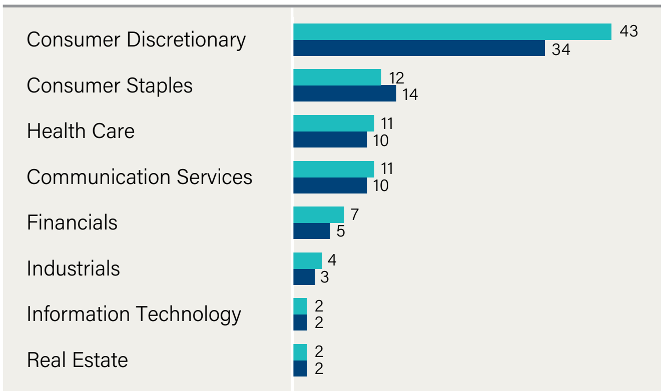
Disposition of Assets %



30 SEP 2024 30 JUN 2024

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

Net Sector Exposures %



30 SEP 2024 30 JUN 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
Haleon PLC	US	Consumer Staples	4.4%
Galderma Group AG	Switzerland	Health Care	4.3%
Industria de Diseno Textil	Spain	Cons Discretionary	4.3%
Meta Platforms Inc	US	Comm Services	4.1%
Zoetis Inc	US	Health Care	4.0%
Alphabet Inc	US	Comm Services	3.9%
Amazon.com Inc	US	Cons Discretionary	3.9%
Meituan Dianping	China	Cons Discretionary	3.7%
Visa Inc	US	Financials	3.6%
Beiersdorf AG	Germany	Consumer Staples	3.5%

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

Another new addition is **Birkenstock**. This German leather sandal maker with a 250-year heritage is spreading its wings, successfully expanding its product range, geographic presence and brand appeal.

Many of our larger holdings reported strong results during the quarter.

Haleon reported 3.5% p.a. organic sales growth for the first half of 2024. Importantly, that sales growth was helped by better unit volumes, which had contracted for almost a year. We prefer to see a healthy balance between price and volume growth and are encouraged by this development. The company also did a good job controlling costs, achieving an impressive 11% increase in operating profit. That's attractive for a very stable business on 18x earnings.

Meta reported revenue and operating income growth of 23% p.a. Meta is utilising AI to improve the quality of recommendations, leading to better engagement and ad monetisation on its networks including Facebook, Instagram and Reels. The stock trades on 26x earnings which we find attractive given the company's growth rate and profitability and the opportunity to build and distribute AI products to its large global user base.

Zoetis reported 11% p.a. sales growth and 18% p.a. income growth, driven by their pet medicine segment. The company continues to successfully defend its established franchises, Simparica Trio in Parasiticides and Apoquel in Dermatology, from competition while their effort to pioneer an osteoarthritis franchise based on their key drug, Librela, continues to gain traction in the US market. While the company appears highly valued on 30x earnings, it is able to deploy incremental capital at incredibly high returns. We believe this could make it a highly attractive investment in years to come.

Heineken – beer goes flat

We also had a couple of holdings whose results were not well received.

Heineken reported organic sales growth of 3.4%, well short of expectations. Their growth was heavily reliant on price increases with unit volumes contracting, a further source of disappointment. We suspect the negative stock price reaction is a symptom of over-enthusiastic investor expectations and remain cautiously optimistic that volume growth will return. At 16x earnings with strong brands and access to growing emerging markets, Heineken adds a defensive element to our portfolio but is a position that could surprise meaningfully to the upside if they get their house in order.

Beiersdorf (down 1%) disappointed the markets but continued to enjoy strong growth for their key Nivea brand, which grew sales 11% p.a. The source of disappointment was slower growth at their Derma brands, Eucerin and Aquaphor, which grew sales only 8% p.a. These brands had been growing at a blistering pace for some time and the Derma segment is poised to become a powerful and sorely needed second pillar for the business. Some slowdown in Derma was to be expected given the slowing growth in the beauty and skincare industry overall but the market fears there is more to come. While the valuation is demanding at 27x PE we feel it is justified by the pipeline of innovative products they are starting to roll out.

Outlook

The outlook for the global consumer – and international brands – remains favourable. However, much depends on the vitality of the US consumer. Many US companies now report signs of consumer fatigue, following a period of significant price hikes. The savings pools accumulated during COVID have been run down and the softer labour market is tempering consumer enthusiasm to spend. This caution initially applied to lower-income consumers but now seems to be broadening out. Companies with strong consumer appeal continue to report good growth, but the rising tide is no longer lifting all boats.

However, tight monetary settings are now starting to ease with the US, European and Chinese central banks all cutting interest rates this quarter. This will help at the margin, particularly in Europe where most mortgages have variable rates. Europe has also run a more conservative fiscal policy and has room to manoeuvre in this regard. In China consumer spending is depressed, but there is potential for a powerful recovery if policy makers can restore confidence.

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 event of an economic downturn or unexpected shocks. We also retain a healthy cash position to seize any opportunities that arise as a result.

Platinum International Health Sciences Fund

Dr Bianca Ogden
Portfolio Manager

Overview

- It was a solid quarter for the Fund with a number of our holdings – **Oxford Nanopore** (up over 60%), **Wave Life Sciences** (over 55%), **Apogee Therapeutics** (up around 50%) and **Centessa Pharmaceuticals** (up around 80%) delivering both share price appreciation and good research progress. Our inflammatory disease holdings also did well.
- The biotech sector benefited from the shift to easier monetary policy in major economies. This makes fundraising easier. Three significant biotech fundraisings got away successfully on one day in September.

Performance

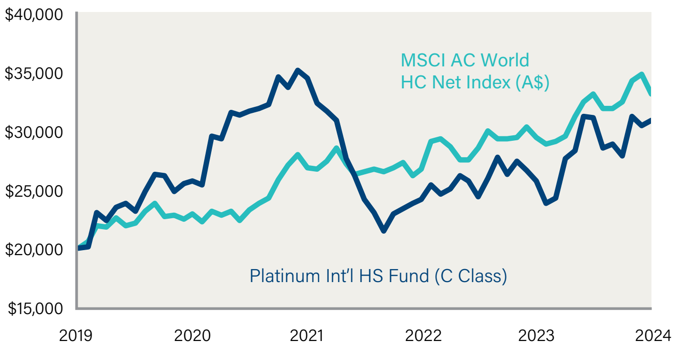
compound p.a.+, to 30 September 2024

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l HS Fund*	11%	20%	-4%	9%	9%
MSCI AC World HC Index^	2%	12%	7%	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 September 2019 to 30 September 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.

This quarter was about expectations for an interest rate cut in the US and the Fed delivered it. That's relevant to the health sciences space because the biotech sector in particular has had a couple of terrible years with high cost of capital making fund-raising very tough. However, we know these periods of rationalisation, while painful in the short-term, are good for the industry as they enforce the tough decision-making that guarantees a company can come out at the other side.

Today many companies have more mature clinical data which makes fundraising easier. Furthermore, lower rates has a positive flow through to biotech companies. In early September three US biotech companies collectively raised over $700M in initial public offerings on one day. We see exciting times ahead for the sector.

The Fund advanced nicely with several of our holdings making solid progress. **Oxford Nanopore** reported a good quarter, **Wave Life Sciences'** work on its chemistry for its mRNA targeting molecules continues to show positive results, while **Centessa** reported the first clinical data on its orexin agonist in severely sleep deprived healthy volunteers.

Apogee Therapeutics, a US biotech we have owned since its IPO last year, is advancing its anti-inflammatory pipeline rapidly. This company is highlighting how clinical development can be done efficiently.

Overall, our holdings within the inflammatory space have done well. This has been an appealing area for us for some time as new drug targets are unveiled. Protein engineering has come a long way allowing multi-target activity and less frequent dosing.

Our Australian holdings also have been strong contributors, with Amplia reporting promising data in pancreatic cancer, while **Clarity** continues its radiopharma endeavours. We have been trimming both positions given strong performance.

The obesity theme remains alive and well, albeit shares of **Eli Lilly**, **Novo Nordisk** and **Zealand Pharma** (held in the fund), were lackluster this quarter. We have been trimming Zealand Pharma recently given the performance of the shares. Zealand is no longer an undiscovered obesity peptide company. The coming months will be critical for the company as it has to decide whether to partner with or sell to another company.

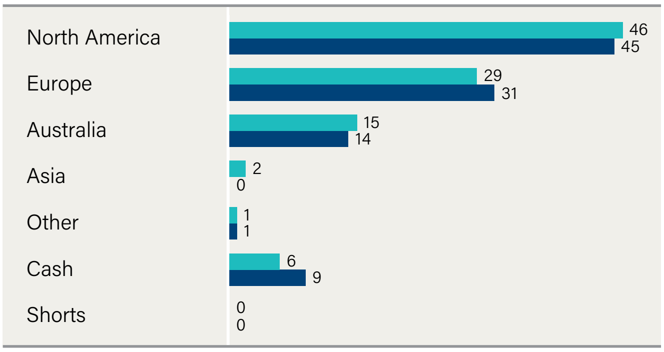
This quarter we participated in a number of equity raises for our portfolio companies. Our criteria include valuation, business progress and a careful focus on what the money will be used for.

In August, Novo Holdings invested in **Oxford Nanopore** (ONT) and as part of this equity issue the company expanded the offer to a number of shareholders. We had been investors for a little while and to us ONT is way more than a sequencing company. Novo Holdings is a formidable investor in this space and will be a great partner for ONT. The nanopore technology is applicable to many different areas, including biomanufacturing as well as diagnostics. This expansion will require capital and solid partners – and now the company has that. With this raise we significantly increased our ONT holding.

This quarter we also had two of our holdings join forces. **Recursion** announced it will acquire **Exscientia** in a share deal. While the combination makes sense to us, we were disappointed with the valuation for Exscientia.

Several of our holdings drifted lower this quarter due to a news vacuum or anticipation of an equity raise.

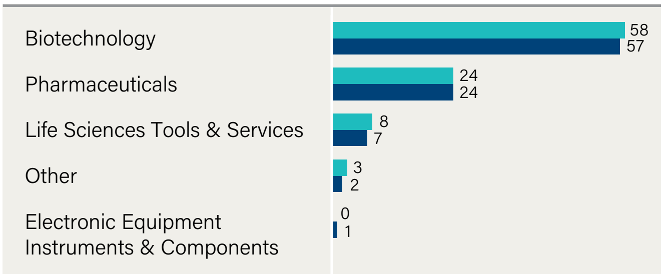
Disposition of Assets %



30 SEP 2024 30 JUN 2024

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

Net Sector Exposures %



30 SEP 2024 30 JUN 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	Biotechnology	5.6%
Oxford Nanopore Technologies	UK	Life Sciences	4.1%
Zealand Pharma A/S	Denmark	Biotechnology	3.5%
Sanofi SA	US	Pharmaceuticals	3.5%
Roche Holding AG	US	Pharmaceuticals	3.3%
Exscientia Plc	UK	Biotechnology	2.8%
Centessa Pharmaceuticals PLC	US	Biotechnology	2.7%
Percheron Therapeutics Ltd	Australia	Pharmaceuticals	2.7%
Apogee Therapeutics Inc	US	Biotechnology	2.5%
Bicycle Therapeutics PLC	UK	Biotechnology	2.4%

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

Commentary – the little Belgian biotech that could

Inflammatory and autoimmune diseases are an area of intensive drug development efforts, particularly at biotech companies. This is not new, most of the successful anti-inflammatory therapies originated at biotech companies. Significant clinical burden exists in this space and we have just touched the tip of the iceberg in many diseases. Take respiratory diseases like asthma, chronic obstructive pulmonary disease (COPD) or Idiopathic Pulmonary Fibrosis. Often steroids are the treatment of choice – or drugs that have limited efficacy and challenging side effect profiles. Biologics use in respiratory diseases is in its infancy but the emergence of targeted, long-acting biologics means it should accelerate.

The list of autoimmune and inflammatory diseases in need of proper targeted therapies is long. So is the demand for therapies, particularly injectable biologics/peptides that have longer half-lives and can be taken less frequently. Several of our holdings are at the forefront of this space, and we envision some will be acquired at some stage. However that is not our objective. We know from our investment in Belgian biotech UCB that, if you have a good product that offers differentiation, even if you are up against large companies you will be able to generate a very decent return.

The biologics "movement" in inflammatory diseases started in earnest in the late 90s. In 1998 infliximab[1] was approved for Crohns disease, while etanercept[2] was approved for moderate to severe rheumatoid arthritis. Both products expanded into other inflammatory indications. Both molecules target the Tumor necrosis factor alpha (TNFalpha) and both originated at biotech companies, Centocor and Immunex respectively.

Johnson and Johnson (JNJ) acquired Centocor in 1999 for $4.9 billion, while Amgen acquired Immunex in 2001 for $16 billion. The two molecules generated over $5 billion in sales each at their peak, so the prices paid were justified, albeit JNJ's acquisition was far superior as Centocor provided several more products.

However, things did not stop here, adalimumab (brand name Humira), another anti-TNFalpha antibody was approved in 2002 and dwarfed its peers, generating at its peak almost $21 billion in sales. Abbott (today Abbvie) acquired Knoll Pharma (BASF's pharma unit) for $6.9 billion in 2002. Knoll had been developing adalimumab in collaboration with Cambridge Antibody Technology. For all three pharma companies these acquisitions were crucial to who the companies are today.

1 Infliximab (Remicade, Centocor/Johnson and Johnson).

2 Etanercept (Enbrel, Immunex/Amgen).

You may think that there must be enough competition in this space with three anti-TNF molecules marketed by three large pharma companies. The small Belgian biotech UCB was not deterred and in 2008 got approval for certolizumab (brand name Cimzia), its own anti-TNF molecule. UCB gained access to 'certo' when it acquired Celltech for $2.25 billion in 2004.

Certolizumab generated $2.3 billion in sales last year despite being several years behind its larger peers. This was a significant achievement and highlights how there are many ways to be successful in this space. Each company had its own approach. For UCB, gaining some share was enough, while Abbvie used all its commercial and legal might.

UCB likes a challenge and is again taking on its larger peers, this time in inflammatory skin diseases. Bimekizumab is a dual IL17A and IL17F inhibitor that received approval last year in the US (it got approved in EU and Japan in 2021). It is doing well despite Novartis, Eli Lilly and JNJ having had a significant head start with their respective products. There are differences between the products but UCB has been cleverly teasing them out in its clinical development program. UCB has been an investment in the Fund for some time as we saw Bimekizumab's potential. Its shares have more than doubled over the past 12 months as script data highlights the successful launch of the product. We recently trimmed our UCB position given Bimekizumab is now more understood. But the Belgian company remains one we watch closely.

The argument that a biotech will struggle when competing with large pharma conglomerates are not valid. It all depends on the product, the clinical development program and on supportive and patient shareholders which UCB is fortunate to have. The demand for better products in inflammatory diseases is very significant. There remains a lot of hesitation to switch from an oral molecule to injectable biologics, but we believe that will change once long acting biologics become available.

Outlook

A softening interest rate environment is positive for the biotech sector, however this will not be a hockey stick recovery, it will be gradual. US elections and evolving geopolitics make the macro space difficult to predict and the coming months may see some volatility.

Platinum International Technology Fund

Jimmy Su
Portfolio Manager

Overview

- Fund performance was affected by weakness in the semiconductor capex space due to concerns about oversupply and emerging doubts about the size of the AI opportunity.
- Market weakness gave us the opportunity to buy into some quality software businesses at attractive valuations.
- In this Quarterly we take a look at our approach to shorting. We short stocks seeking to protect the portfolio by reducing the Fund's net invested position and to take opportunities to increase returns. We outline five key market/firm set-ups that offer shorting opportunities.

Performance

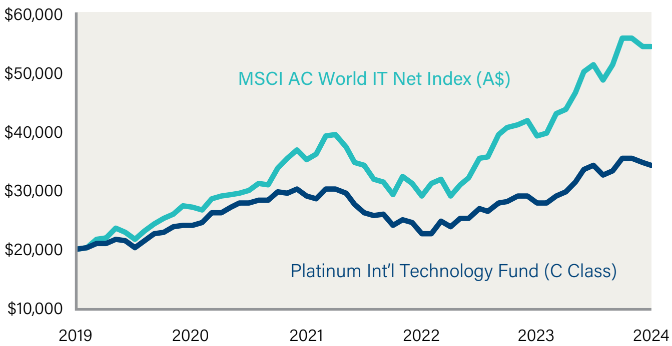
compound p.a.+, to 30 September 2024

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Tech Fund*	-3%	23%	6%	11%	10%
MSCI AC World IT Index^	-3%	38%	15%	22%	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 September 2019 to 30 September 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 -3.2% in the September quarter. Semiconductor capex stocks (**ASML** down around 20%, **Applied Materials** -15% and **Lam Research** -23%) were major detractors as the market was concerned about memory market oversupply, Intel cutting capex and a cooling in AI enthusiasm.

We made the following changes to the portfolio:

- Two large market drawdowns provided us with the opportunity to buy companies with good long term growth prospects at what we believe to be attractive valuations. We added to design automation[1] software names **Cadence** and **Synopsys** and bought a 1.5% position in **Tokyo Electron**, one of the big five semi production equipment providers.
- We also bought a 4% position in **Nice Ltd**, the leading SaaS provider of enterprise grade call centre software. We like the business as call centre software is mission critical, complex to execute and customers stay with one vendor for 8 to 10 years. Nice is down ~35% from March highs and trades on a meaningful discount to its future growth prospects amidst concerns that AI agents will disintermediate call centre software. We believe that generative AI will be sold as an add-on to make human agents more efficient, and further strengthen the position of market leaders as opposed to disrupting them.
- We funded these positions by trimming defensive names that held up well during the sell offs (**ICE**, **Netflix**) or by exiting companies we think trade on expensive valuations (**Apple** and **AMD**).

Our updated portfolio and Quality/Growth matrix is presented in Figure 1 and 2 (as at 30 September 2024).

Figure 1: Portfolio Holdings

Portfolio holdings – positions above 1%

BUSINESS QUALITY	GROWTH POTENTIAL		
	LOW POTENTIAL	AVERAGE POTENTIAL	HIGH POTENTIAL
BEST IN CLASS	Visa, ICE Universal Music	Google, Meta, Microsoft, Adobe, SAP, ASML, Oracle, Cadence, Synopsys, Computer Modelling Group	–
ABOVE AVERAGE	Analog, Devices, Texas Instruments, NXPI	Netflix, TSMC, AMAT, Broadcom, Lam Research, Keyence, Constellation, Nice Ltd, Tokyo Electron	Amazon, Veeva Adyen
AVERAGE	–	–	–
BELOW AVERAGE	–	–	–

Source: Platinum

Figure 2: Quality/Growth matrix

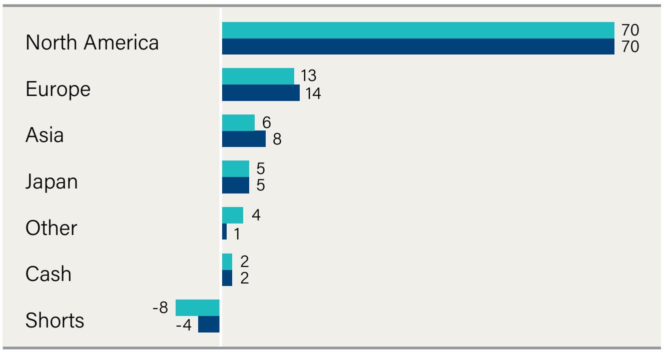
Portfolio exposure

BUSINESS QUALITY	GROWTH POTENTIAL		
	LOW POTENTIAL	AVERAGE POTENTIAL	HIGH POTENTIAL
BEST IN CLASS	5%	39%	1%
ABOVE AVERAGE	6%	34%	12%
AVERAGE	–	–	–
BELOW AVERAGE	–	–	–

Source: Platinum

1 Companies use design automation software to develop complex electronic systems.

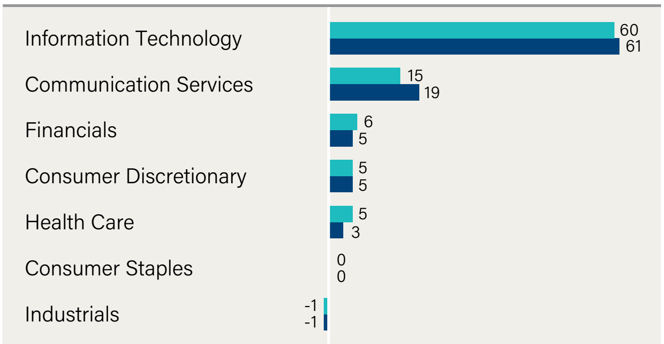
Disposition of Assets %



30 SEP 2024 30 JUN 2024

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

Net Sector Exposures %



30 SEP 2024 30 JUN 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
Broadcom Inc	US	Info Technology	6.0%
Alphabet Inc	US	Comm Services	5.7%
Meta Platforms Inc	US	Comm Services	5.4%
Amazon.com Inc	US	Cons Discretionary	5.4%
ASML Holding NV	Netherlands	Info Technology	5.2%
Taiwan Semiconductor	Taiwan	Info Technology	5.2%
Microsoft Corp	US	Info Technology	5.1%
SAP AG	Germany	Info Technology	5.0%
Veeva Systems Inc	US	Health Care	4.3%
Constellation Software Inc	Canada	Info Technology	4.3%

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

Commentary – how we manage shorting

In previous Quarterlies, we outlined our valuation framework and discussed technology business models. In this commentary we discuss shorting. Whilst the short portfolio is small relative to the size of the long portfolio (5% to 15% weight under normal conditions), it performs the important dual role of seeking to offer downside protection and generate incremental performance.[2]

Our short strategy is relatively straightforward. We look to short weak companies run by underperforming management. Companies that typically attract our attention include those with:

- weak market positions in a "winner-takes-most" markets
- declining sales and weak balance sheets
- aggressive accounting practices
- overly promotional management teams
- aggressive insider sales.

Within this pool of companies, there are five set-ups we think greatly improve the odds of our success.

1. Failures (~20% of the short portfolio)

These are companies that used to be good businesses with strong market positions but where we now expect Return on Invested Capital (ROIC) to decline either due to forces outside management's control and/or management failing to adapt to structural change.

One example is **TV networks**. Historically, networks made 40%+ ROIC in the US thanks to tremendous pricing power. Firstly, network TV was the primary form of mass entertainment and commanded large audiences. Second, TV was one of the only ways for brands to reach these large audiences. Third, the technological constraints of linear programming limited the ad space available, making prime time extremely valuable. Today, none of these factors hold true due to social media and streaming and we expect ROIC and margins to continue declining. Advertisers can now reach bigger audiences with a higher return on ad spend due to algorithmic targeting on social media.

2 Given the sometimes contentious nature of shorting investment cases we prefer to omit specific company names from this commentary.

2. Fads (~30%)

One feature (or bug) of tech is the 'hype cycle'. That's where an interesting technology with narrow applications and limited market size is extrapolated by investors – with help from insiders and investment bankers – to be the "next big thing". It then attracts an eye-watering valuation. As the growth slows and reality sets in, valuations collapse. One example is **plant based meat** in the late 2010s. Some believed plant based meat could be as big as 15% of the entire pork and meat market in the US and Europe. By 2022, it was clear consumer interest in the category was fleeting, expectations were optimistic and the industry was plagued by competition and overcapacity.

3. Broken growth stories (~20%)

These are very fast growing companies but where we have very little confidence in the underlying unit economics and the ultimate path to profitability due to structural reasons such as weak business models, excessive competition or low customer switching costs. One recent example is a fast-growing **ECG devices company**. Despite marketing itself as a medical device company, the business model was more akin to a diagnostic testing facility as the company is reimbursed on a per-test basis instead of selling equipment to hospitals. Once we load in the full costs of generating the tests we have serious doubts that the business can be profitable even if they hit full US market penetration. We also had evidence of aggressive accounting practices and exaggerated clinical trial claims.

4. Capital cycle shorts (~25%)

In industries with low barriers to entry, some companies capture high ROIC because of temporary supply shortages. However, this typically induces a supply response – existing participants and new entrants will invest more capital in the sector to add capacity and compete for share. That drives down ROIC and potentially pushes the market into oversupply. One recent example is the **silicon carbide (SiC) supply chain**. SiC wafers are made into SiC power semiconductors and when used in an electric vehicle, deliver better performance and energy efficiency relative to silicon counterparts. Three years ago, SiC wafers were in short supply. One company dominated the supply chain and commanded ~50%+ gross margins (vs ~30% for silicon wafers). We don't think those margins are sustainable because customers are investing in their own supply chains and competitors from China were able to ramp quickly and will likely add significant capacity next year.

5. Concept stocks (~5%)

These vary in shape and form but all "sell" a concept of how great the business will be with very little evidence to support their claims. One example is an **AI data centre** company which we shorted last year. Prior to being an AI data centre, the business went through a series of incarnations, the latest being a crypto miner during the crypto bubble. Management decided to "pivot" to being an AI data centre and put out what we politely describe as "hopeful" targets. We think their credibility is low given their lack of experience and their uncomfortably close ties to an investment bank.

Outlook

With tech indices remaining at all-time highs, we remain disciplined and are resisting the temptation to go down the quality or risk spectrum in search of higher (but more risky) returns. We continue to look for "best in class" and "above average" companies underappreciated by the market – such as Nice Ltd and Tokyo Electron last quarter.

We will continue to monitor the generative AI narrative. One area of emerging debate is whether the industry is investing too much in capex (see some recent comments from Meta's Zuckerberg and Alphabet's Pichai). The path to monetisation for generative AI products is another area of debate. To date, adoption of generative AI products across the SaaS ecosystem is underperforming expectations (including ours). Consumer AI apps like OpenAI are trying to find a viable business model and will likely lose $5bn this year. Industry analysts like Gartner are turning more cautious on the pace of enterprise adoption. Our base case is that big tech will continue to invest in generative AI – they have the financial capacity and motivation to do so. The VC-funded part of the ecosystem (including AI start-ups renting capacity from hyperscalers and tier 2 cloud service providers) could be more at risk.

Is the dragon turning?

Co-CIO Andrew Clifford has been investing in China for 30 years. Here's his take on recent events.

The MSCI China Index is up 15%[1] since the stimulus/reform package announced on September 24.

Unlike previous piece-meal efforts, the package featured co-ordinated measures:

- cuts to key institutional lending rates
- measures designed to boost housing, including cuts to mortgage rates
- boosting liquidity by lowering banks' reserve requirements
- directives aimed at speeding up infrastructure spending and cutting unemployment.

There were also very large **fiscal** measures including a transfer of one trillion Chinese Yen (CNY) to local governments to help reduce debt and another trillion CNY to fund equipment trade-ins and thus boost real-economy demand.

One reason the market response was so strong is that the **quantitative easing** elements – subsidising companies to buy back shares and encouraging financial services firms to borrow to invest in stocks – both boost markets.

This is a much more cohesive response to China's challenges than previous packages and the accompanying rhetoric suggested support could be doubled or tripled if needed. That's a big signal to investors.

A bigger bounce?

When I look at what the authorities did and how markets reacted, a few things stand out.

- The size of the bounce reflects just how cheap the Chinese market was. Yet many Chinese stocks **still** look undervalued. If you redo your valuations assuming some economic recovery, stocks look even cheaper.
- Financial institutions will be delighted to accept the government's invitation to buy shares. They can borrow at around 2% to buy shares yielding over 5% or more.
- Foreign investors have been shunning China and many hedge funds were shorting it. That flow of money is likely to reverse, adding more demand.

Is a recovery guaranteed?

A stabilisation in the property market still looks to be key to completely rebuilding confidence. The government has put in place many of the right policies but lack of action at the local level is holding it back.

That said, there is evidence the inventory of unsold and uncompleted properties is now falling. If the property market is clearing that will be a huge step towards a full economic recovery. The Politburo's recent announcement explicitly stated: "Stop the decline in the housing". That's much more direct language than they've used in the past.

Chinese stocks in Platinum's portfolios

We've held sizeable positions in high quality stocks like ZTO (China's FedEx), e-commerce giant Tencent and China Merchants Bank for some time. Operationally they've been performing well.

ZTO and Tencent are up over 15% over the past month and China Merchants is up over 35%.[2] While welcome, we didn't invest in these stocks in search of a short-term spike. These are quality businesses we want to own over the longer term.

1 Index performance as at 11 October, local currency. Source: Factset.

2 Stock performance as at 11 October, local currency. Source: Factset.

Highlights from The Journal

Like to know what's happening in global sharemarkets and your Platinum funds? Every week or so we add articles or videos to **The Journal** section of our website.

ARTICLE

A lap of luxury[1]

Luxury goods are expensive and beautiful. And the companies that make them can be good investments.

VIDEO

Catch up on the 2024 Platinum Investor Roadshow[2]

Watch our Performance and Investment Theme presentations from the Platinum Annual Investor Roadshow.

ARTICLE

Indonesia climbs towards a Golden future[3]

Our giant neighbour has a national plan for growth. That's good for Indonesians – and investors.

ARTICLE

Reversing globalisation – will investors pay?[4]

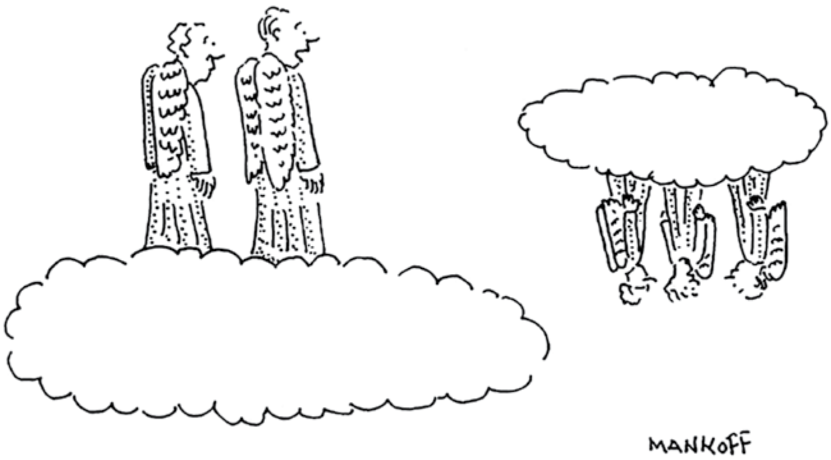
Tariffs, industry policy, protected industries. Are policies that reverse globalisation a negative for investors in international shares?

ARTICLE

Searching for value in tech stocks[5]

Platinum's Jimmy Su answers the question: "How do you find a tech stock that's good value?"

Some light relief



"Oh them. They're contrarians"

CartoonStock.com

1 www.platinum.com.au/the-journal/a-lap-of-luxury
2 www.platinum.com.au/the-journal/catch-up-on-the-2024-platinum-investor-roadshow
3 www.platinum.com.au/the-journal/indonesia-climbs-towards-a-golden-future
4 www.platinum.com.au/the-journal/reversing-globalisation-will-investors-pay
5 www.platinum.com.au/the-journal/finding-the-value-in-tech

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Some numerical figures in this publication have been subject to rounding adjustments. References to individual stock or index performance are in local currency terms, unless otherwise specified.

1. Fund returns are calculated by Platinum using the net asset value unit price (i.e. excluding the buy/sell spread) of the stated unit class of the Fund and represent the combined income and capital returns over the specified period. Fund returns are net of fees and costs, pre-tax, and assume the reinvestment of distributions. The MSCI index returns are in AUD, are inclusive of net official dividends, but do not reflect fees or expenses. Where applicable, the gross MSCI index was used prior to 31/12/98. MSCI index returns are sourced from FactSet Research Systems. Platinum does not invest by reference to the weightings of the specified MSCI index. As a result, the Fund's holdings may vary considerably to the make-up of the specified MSCI index. MSCI index returns are provided as a reference only. The investment returns shown are historical and no warranty is given for future performance. Historical performance is not a reliable indicator of future performance. Due to the volatility in the Fund's underlying assets and other risk factors associated with investing, investment returns can be negative, particularly in the short term.
2. The investment returns depicted in the graph are cumulative on A$20,000 invested in C Class (standard fee option) of the Fund over the specified period relative to the specified MSCI index in AUD.
3. The geographic disposition of assets (i.e. other than "cash" and "shorts") shows the Fund's exposures to the relevant countries/regions through its long securities positions and long securities/index derivative positions, as a percentage of its portfolio market value. Country classifications for securities reflect Bloomberg's "country of risk" designations. "Shorts" show the Fund's exposure to its short securities positions and short securities/index derivative positions, as a percentage of its portfolio market value. "Cash" in this graph includes cash at bank, cash payables and receivables and cash exposures through long derivative transactions.
4. The graph shows the Fund's net exposures to the relevant sectors through its long and short securities positions and long and short securities/index derivative positions, as a percentage of its portfolio market value. Index positions (whether through ETFs or derivatives) are only included under the relevant sector if they are sector specific, otherwise they are included under "Other".

   The Platinum Global Fund (Long Only) does not undertake any short-selling of stocks or indices. As a result, its net sector exposures through its securities positions and securities/index derivatives positions are its sector exposures through its long securities and long securities/index derivatives positions.
5. The table shows the Fund's top ten positions as a percentage of its portfolio market value taking into account its long securities positions and long securities derivative positions.

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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$12 billion on behalf of its investors. Platinum's ultimate holding company, Platinum Asset Management Limited (ASX code: PTM), listed on the ASX in May 2007.

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