Platinum International Brands Fund

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Portfolio Manager

Performance

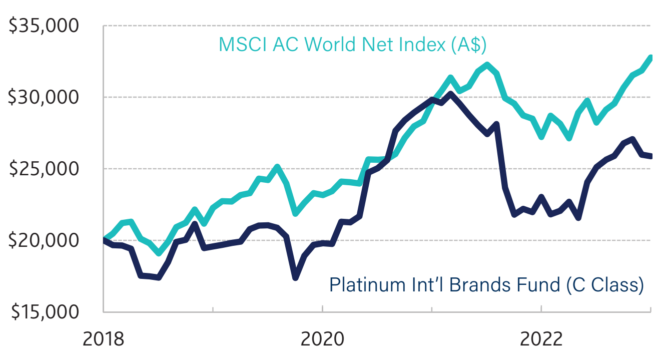
(compound p.a.+, to 30 June 2023)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Brands Fund*	-3%	12%	9%	5%	11%
MSCI AC World Index^	7%	20%	12%	10%	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 5. Numerical figures have been subject to rounding.

Value of $20,000 Invested Over Five Years

30 June 2018 to 30 June 2023



After fees and costs, before tax, and assuming reinvestment of distributions.
Historical performance is not a reliable indicator of future performance.
Source: Platinum Investment Management Limited, FactSet Research Systems.
See notes 1 & 2, page 5.

The Fund (C Class) returned -3.4% for the quarter.[1] This is a disappointing outcome in the context of buoyant global markets and reflects our geographic positioning and net exposure levels.

We have positioned the Fund with a relatively low net exposure due to our concerns about the outlook for developed market consumption given the likely impact of rapid interest rate increases on the broader economy. While in some markets and sectors we have seen rate rises cause a degree of turmoil (US regional banks, home-related spending, used car dealers, Sydney house prices), we have yet to really see this impact wage growth and employment. Indeed, renewed optimism about the state of the consumer drove a rally in discretionary consumption stocks during the quarter. "Meme" stocks, electric vehicle stocks and other highly speculative issues were also beneficiaries of this reversal in sentiment.

Our net short position in US stocks meant we did not fully benefit from the strength in US markets, and the Fund is unable to own (due to its consumer brands focus) the vast majority of the Nasdaq stocks most exposed to the burgeoning artificial intelligence (AI) thematic. Our sizeable exposure to poorly performing Chinese stocks (-3% contribution to performance) also weighed on the Fund's performance, as the anticipated rebound in the Chinese consumer has been weaker than expected.

Our Japanese investments delivered a positive return in local currency terms, but the weak yen meant this translated to a negative return in Australian dollar (AUD) terms. At the beginning of June, we hedged a large portion of our yen exposure back to the US dollar (which has been strong), but not before we incurred the negative effects of the move from around ¥133 to ¥139 to the USD (¥144 at the time of writing).

1 References to returns and performance contributions (excluding individual stock returns) in this Platinum International Brands Fund report are in AUD terms. Individual stock and market returns are quoted in local currency terms and sourced from FactSet Research Systems, unless otherwise specified.

In terms of individual stocks, Facebook owner **Meta Platforms** (+35%), Google parent **Alphabet** (+15%) and **Netflix** (+28%) were three of the top four individual stock contributors, a symptom of the strength of the US technology/communications sector during the quarter.

Alphabet, originally seen as a loser in AI due to competition from ChatGPT in search, is now viewed as a winner following the launch of its "Bard" chatbot, which perhaps aptly illustrates the short-termism of markets. Meta is viewed as a beneficiary, as generative AI likely helps it create rich advertising content on behalf of brands quickly and at a low cost. Netflix benefited from data illustrating the success of its crackdown on password sharing across multiple households, which has led to improved subscriber numbers.

UK discount retailer **B&M European Value Retail** rose 16% on continued strong sales. Japanese-listed global brewer **Asahi** (+13%) benefited from price hikes boosting profits as well as yen weakness, which favourably impacts the translation of its foreign earnings into yen. Console gaming company **Nintendo** (+27%) also benefited from the translation effect as well as the success of the hit film "The Super Mario Bros.", which leverages its key intellectual property and is the top-grossing movie of 2023. Already, two further films using Nintendo intellectual property, "Donkey Kong" and "Zelda", are rumoured to be in development. Besides the earnings from royalties, with speculation they could be as much as 30% of the box-office take, the cinematic experience provides a positive feedback loop for the game content and will likely drive greater sales of Switch consoles and games. Essentially, Nintendo is being paid for conducting a mass marketing campaign!

Weak performers included every Chinese stock in the portfolio, particularly infant formula maker **China Feihe** (-26%), e-commerce grocery player **Dingdong** (-20%), e-commerce platform **JD.com** (-23%) and Macau casino operator **Melco International Development** (-20%).

China Feihe fell as fears rose over increased competition as a result of an ongoing lull in new births. We expect this situation to improve as people return to more normal behaviour post-pandemic, get married and start families.

Dingdong disappointed the market with its first-quarter result, revealing a greater benefit from the pandemic in the prior year than investors had appreciated. The stock remains very cheap on reasonable expectations of its earnings potential but is going through a reset of its cost base and growth strategy.

Disposition of Assets

REGION	30 JUN 2023	31 MAR 2023	30 JUN 2022
Asia	39%	37%	50%
Japan	21%	18%	17%
Europe	17%	16%	10%
North America	15%	17%	16%
Other	0%	0%	0%
Cash	9%	12%	6%
Shorts	-38%	-29%	-43%

See note 3, page 5. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	30 JUN 2023	31 MAR 2023	30 JUN 2022
Consumer Discretionary	31%	33%	57%
Consumer Staples	18%	13%	14%
Communication Services	6%	9%	10%
Information Technology	3%	2%	0%
Financials	3%	2%	2%
Industrials	2%	3%	4%
Other	-10%	-4%	-35%
Real Estate	0%	0%	0%
TOTAL NET EXPOSURE	53%	59%	52%

See note 4, page 5. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

JD.com suffered from generally weak consumer sentiment and an ongoing tough competitive environment but appears to be maintaining its share of the e-commerce market despite the gains of newer entrants.

Melco International saw its price diverge significantly from that of its underlying holding in US-listed Melco Resorts & Entertainment, which fell by only 4%. Melco International's lower liquidity and trading in Hong Kong likely saw the stock influenced by technical dynamics unrelated to its fundamental value. We expect this price divergence to correct in time and will stay patient.

Our position in vertically integrated Japanese payments player **Digital Garage** (-12%), which has large consumer-facing investments, also detracted from performance during the quarter. Price weakness reflected a waning in the market's excitement around an activist's involvement in the company as prospects of a speedy resolution to the situation dimmed.

Our short positions reduced the Fund's return by 2.1% in the quarter.

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Prosus NV	China	Cons Discretionary	4.3%
Nien Made Enterprise Co Ltd	Taiwan	Cons Discretionary	3.4%
Puma SE	Germany	Cons Discretionary	3.2%
Digital Garage Inc	Japan	Info Technology	3.1%
Keisei Electric Railway Co	Japan	Industrials	3.0%
Asahi Group Holdings Ltd	Japan	Consumer Staples	3.0%
Haleon PLC	US	Consumer Staples	2.9%
JD.com Inc	China	Cons Discretionary	2.8%
Meta Platforms Inc	US	Comm Services	2.8%
Fu Shou Yuan International	China	Cons Discretionary	2.8%

As at 30 June 2023. See note 5, page 5.
Source: Platinum Investment Management Limited.

For further details of the Fund's invested positions, including country and industry breakdowns and currency exposures, updated monthly, please visit https://www.platinum.com.au/our-products/pibf

Changes to the Portfolio

We added four new positions to the portfolio during the quarter. The first was a relatively small position in Indonesian sportswear retailer **MAP Aktif Adiperkasa** (MAPA). We were able to participate in a secondary issuance via an institutional bookbuild that allowed us to enter at an attractive discount to the market price, which itself already represented attractive value. The stock has since rallied, likely owing to improved trading liquidity following the sale by the cornerstone shareholder to institutional investors and growing awareness of the story.

We also acquired holdings in Japanese candy and snacks maker **Ezaki Glico** on prospects of improved earnings and an attractive valuation, liquor maker **Pernod Ricard** as we anticipate improvements in sales growth and profits from internal reforms to its sales and marketing approach, and Japan's **Keisei Electric Railway**. Keisei owns a stake in the parent company of Tokyo Disneyland, which has a trading market value of more than twice Keisei's market capitalisation. Keisei's rail line to Narita airport also stands to benefit from a rebound in tourism post the ending of pandemic restrictions, spurred on by the weak yen.

We exited our long-time holding in building products manufacturer **Lixil** as evidence surfaced that hopes for an improved competitive environment for its domestic window sash business were unlikely to manifest and on concerns over the likelihood of continued weakness in the European and US renovation markets.

Conversely, we exited our position in KFC owner **Yum China** (+64% from our first entry point in May 2022 to our exit point in April 2023) as the underlying business was recovering well and the stock's valuation became stretched.

We added to several positions on weakness, including **China Feihe**, **Digital Garage**, **Dingdong** and apparel retailer **Aritzia**, and trimmed several positions on strength, including **Asahi**, **Netflix** and **Alphabet**.

Outlook

We remain cautiously positioned, particularly in relation to the US market, where stocks have rallied on optimism that, in our view, appears unjustified. Consumer spending has been propped up by people dipping into excess savings accumulated during the pandemic. A recent paper by the US Federal Reserve draws the conclusion that these excess savings have now been exhausted in the US and that consumers are reaching ever further into their piggy banks, drawing down savings to levels well below the historical average.[2] Suffice it to say, this is clearly unsustainable, and at some point in the not-too-distant future, consumers will need to start living within their means.

This dynamic is compounded by the resumption of payments on student loans following the expiry of the pandemic-era forbearance measure, and following a recent decision by the Supreme Court that disallowed President Biden's student loan forgiveness scheme, payments will be in relation to the full balances of the loans. Estimates are for a monthly hit to consumer spending of as much as US$14 billion, a close to 1% headwind to overall consumer spending.

Conversely, while China has not rebounded as quickly as hoped, extreme pessimism prevails in the stock market, leading to attractive valuations, inflation is benign, signs of recovery are present, and monetary policy is leaning more toward stimulus than restriction. The Fund's positioning reflects these contrasting pictures.

2 Source: https://www.federalreserve.gov/econres/notes/feds-notes/accumulated-savings-during-the-pandemic-an-international-comparison-with-historical-perspective-20230623.html

Fig. 1: Evolution of savings rates during the COVID-19 pandemic

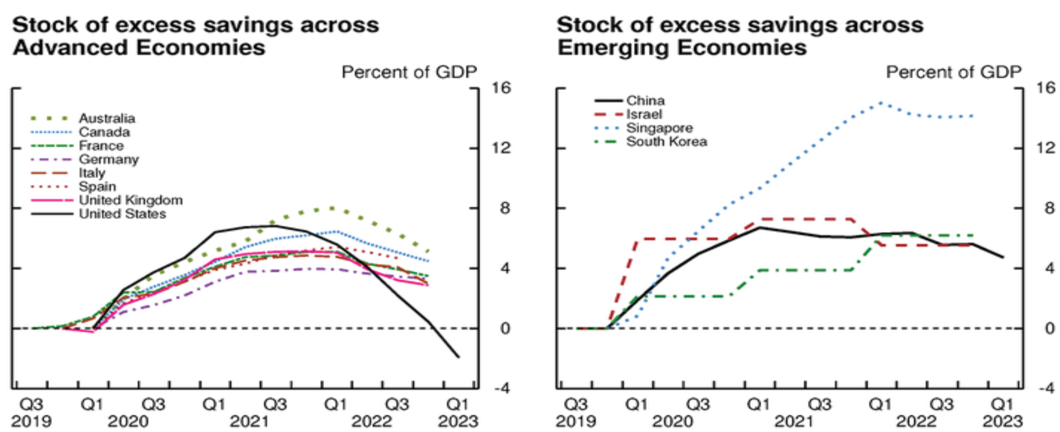


Fig 2a. (Left Figure)
Note: Stock begins accumulating from 0 at t=-1, where t=0 is the fist period of low growth due to COVID-19. Excess savings are calculated as deviation from the predicted savings rate using a Hamilton trend.
Source: Haver Analytics; authors' calculations.

Fig 2b. (Right Figure)
Note: Data is annual for Israel and South Korea. Stock begins accumulating from 0 at t=-1, where t=0 is the fist period of low growth due to COVID-19. Excess savings are calculated as deviation from the predicted savings rate using a Hamilton trend, except for South Korea where it is calculated as deviation from the 2019 rate due to data availability.
Source: Haver Analytics; authors' calculations.

Source: US Federal Reserve, Haver Analytics.

Notes

Unless otherwise specified, all references to "Platinum" in this report are references to Platinum Investment Management Limited (ABN 25 063 565 006, AFSL 221935).

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

1. Fund returns are calculated by Platinum using the net asset value unit price (i.e. excluding the buy/sell spread) of the stated unit class and represent the combined income and capital returns over the specified period. Fund returns are net of fees and costs, pre-tax, and assume the reinvestment of distributions. The MSCI index returns are in AUD, are inclusive of net official dividends, but do not reflect fees or expenses. MSCI index returns are sourced from FactSet Research Systems. Platinum does not invest by reference to the weightings of the specified MSCI index. As a result, the Fund's holdings may vary considerably to the make-up of the specified MSCI index. MSCI index returns are provided as a reference only. The investment returns shown are historical and no warranty is given for future performance. Historical performance is not a reliable indicator of future performance. Due to the volatility in the Fund's underlying assets and other risk factors associated with investing, investment returns can be negative, particularly in the short term.
2. The investment returns depicted in the graph are cumulative on A$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 table includes cash at bank, cash payables and receivables and cash exposures through derivative transactions.
4. The table 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".
5. The table shows the Fund's top ten positions as a percentage of its portfolio market value taking into account its long securities positions and long securities derivative positions.

Disclaimers

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