Platinum International Technology Fund

Alex Barbi
Portfolio Manager

Jimmy Su
Portfolio Manager

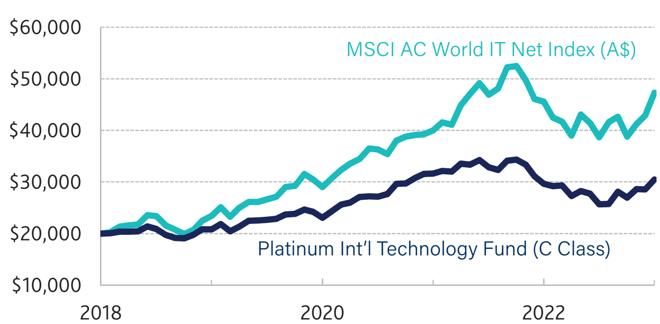
Performance

(compound p.a.+, to 31 March 2023)

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Tech Fund*	13%	3%	10%	9%	9%
MSCI AC World IT Index^	22%	4%	18%	19%	4%

+ 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 4. Numerical figures have been subject to rounding.

Value of $20,000 Invested Over Five Years
31 March 2018 to 31 March 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 4.

The Fund (C Class) returned 13.2% for the quarter.[1]

Technology was one of the strongest-performing sectors in the quarter. At the macro level, the strong performance is likely explained by expectations that the US Federal Reserve (Fed) may stop increasing interest rates sooner than initially thought due to slowing wage growth, easing inflation and banks tightening their lending standards post the Silicon Valley Bank collapse. At a stock level, companies that reported during the first quarter were broadly in line with expectations or better than feared.

Semiconductors were the standout performers during the quarter (+28%)[2] as commentary from various management teams suggested that the first half of 2023 is likely to mark the bottom of the downturn and conditions could progressively improve throughout the rest of the year. The basket of unprofitable tech companies also benefited from lower interest rate expectations, rallying 15% in the quarter.[3]

Artificial intelligence (AI) was the "hot" theme during the quarter, after Microsoft drew attention to the capabilities and potential of ChatGPT. **Microsoft** (held in the Fund) and Nvidia were up 20% and 90%, respectively.[4]

The Fund's long positions performed well due to our relatively high exposure to semiconductors, with key contributors including **Microchip Technology** (+19%), **Taiwan Semiconductor Manufacturing** (+19%) and **Micron Technology** (+21%). Power semiconductor **Infineon Technologies** (+33%) was also a strong performer in this category, the company reported its first-quarter results in February and preannounced strong second-quarter results in March. Profit results continue to be stronger than expected, as the auto and industrials end-markets remain resilient.[5] **Meta Platforms** (+76%) was our top individual stock contributor. The narrative shifted after the company announced job cuts, there was evidence that Reels is getting traction and the market priced in the

1 References to fund returns and performance contributions (excluding individual stock returns) in this Platinum International Technology Fund report are in AUD terms. Individual stock and index returns (excluding the MSCI AC World IT Index) are quoted in local currency terms and sourced from FactSet Research Systems, unless otherwise specified.

2 iShares Semiconductor ETF.

3 Morgan Stanley Unprofitable Tech Index. Source: Bloomberg.

4 Source: https://www.theverge.com/2023/1/4/23538552/microsoft-bing-chatgpt-search-google-competition

5 For more details on Infineon, see our video: https://www.platinum.com.au/Insights-Tools/The-Journal/Power-Semiconductors-Powering-Our-Lives

increasing likelihood that competitor TikTok may be banned in the US. **Booking Holdings** (+32%) delivered better-than-expected revenue growth on the back of strong prices paid for hotel rooms sold.

Our short positions on individual stocks, index hedges and cash were the main detractors from performance. On the long side, **JD.com** (-22%) underperformed after reporting weaker-than-expected fourth-quarter results.

Changes to the Portfolio

During the quarter, we added to our holdings in **Google** amid concerns that the search business will be disrupted by ChatGPT. Ultimately, we don't believe that large language models (LLMs) will be as disruptive to the core "Search" business as the market thinks. If the scenario plays out, we believe it's likely that Google can maintain its dominant position given that Bard, Google's own conversational AI, is competitive vs. ChatGPT and Google has dominance in distribution through Chrome and Android and in the ad tech stack. We also added to **Netflix** during the quarter. The stock traded lower in late February as short-term data showed that the password-sharing crackdown in various test markets like Canada resulted in what, in hindsight, was a temporary spike in cancellations. We took the opportunity to top up our position on share price weakness.

We initiated a new position in **NXP Semiconductors**. Over the next decade, we believe that semiconductor content per car will increase significantly as cars "get smarter" through digitisation and increased penetration of advanced driver-assistance systems (ADAS), wireless connectivity and safety features. NXP should be well positioned for this as one of the leading auto semiconductor suppliers. Its valuation is not demanding, trading on a price-to-earnings multiple of ~14x.

We exited **Rohm** during the quarter. We are concerned about the company joining a consortium to acquire the industrial conglomerate Toshiba. Not only will the acquisition likely be dilutive to shareholder returns, we believe that it will take management's focus away from winning market share in power semiconductors, an area we believe has huge potential over the next decade.

We also exited **Match.com** during the quarter. Last quarter's results show that Tinder continues to lose appeal to female and gen Z users, and the company will need to do more on the product front to address this. Our initial expectations that monetisation of the dating app could improve are likely premature. We also trimmed **Booking Holdings**, **Analog Devices** and **Ciena** following strong share price performance.

At the end of the quarter, the Fund was 83% net invested, with 11% in cash and 6% in shorts.

Disposition of Assets

REGION	31 MAR 2023	31 DEC 2022	31 MAR 2022
North America	45%	43%	43%
Asia	29%	29%	25%
Europe	13%	12%	11%
Japan	2%	6%	6%
Cash	11%	11%	15%
Shorts	-6%	-14%	-7%

See note 3, page 4. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Net Sector Exposures

SECTOR	31 MAR 2023	31 DEC 2022	31 MAR 2022
Information Technology	58%	57%	51%
Communication Services	13%	11%	17%
Consumer Discretionary	8%	11%	9%
Industrials	3%	3%	4%
Financials	2%	2%	1%
Health Care	1%	0%	0%
Other	-1%	-8%	-3%
TOTAL NET EXPOSURE	83%	75%	78%

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

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Infineon Technologies AG	Germany	Info Technology	4.8%
Meta Platforms Inc	US	Comm Services	4.7%
Samsung Electronics Co	South Korea	Info Technology	4.5%
Microchip Technology Inc	US	Info Technology	4.5%
Taiwan Semiconductor	Taiwan	Info Technology	4.4%
SK Hynix Inc	South Korea	Info Technology	4.3%
Alphabet Inc	US	Comm Services	4.2%
Ciena Corp	US	Info Technology	4.1%
Micron Technology Inc	US	Info Technology	3.7%
Samsung SDI Co Ltd	South Korea	Info Technology	3.1%

As at 31 March 2023. See note 5, page 4.
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/pitf

Commentary

We increased our position in France-based semi wafer manufacturer **Soitec** across several of our strategies. The majority of Soitec's revenue comes from making specialised silicon-on-insulator (SOI) wafers, which are used by customers to make certain key components in radio frequency front-end modules (RF-FEM) in smartphones. SOI wafers replaced silicon wafers as the industry standard in these components due to their better performance, heat dissipation and power consumption characteristics. Substitution risk is low, as the contribution to the bill of materials (BOM) is small (~50 cents per phone), yet it is mission critical to performance. Pricing competition is benign as Soitec holds patents on the proprietary slicing and stacking processes ("SmartCut") required to make SOIs and licenses out the technology to competitors. As a result, Soitec reported earnings before interest and tax (EBIT) margins of between 17%-20% over the last five years.[6]

There are several opportunities for Soitec to grow wafer content within smartphones over the next five years. As 5G penetration continues to increase, demand for SOI wafers will also increase given that the content per 5G phone can be up to 100% higher compared with a 4G phone. This reflects the increase in components and antennas needed to support the higher number of frequencies, faster data speeds and increase in carrier aggregation combinations. Furthermore, Soitec is also growing content in other parts of the smartphone, including making specialised wafers for filters, power amps, envelope trackers and Wi-Fi.

We are also excited about the potential application of Soitec's manufacturing process to silicon carbide (SmartCut SiCs). Silicon carbide wafers are used to make power chips for inverters and onboard chargers in electric vehicles (EVs). The material is expensive and hard to make, and demand is currently running well ahead of supply. If SmartCut SiC proves to be successful, Soitec will be able to make up to 10 SiC wafers from one high-quality wafer, thereby addressing the supply shortfall. Whilst still in the early stages of commercialisation, the announcement by STMicroelectronics (the number one SiC power chip maker) in December 2022 that they are looking to qualify SmartCut SiCs, gives us some confidence in the technology.[7]

We like the asymmetry in Soitec. In a scenario where SmartCut SiC is successful, the technology will be a significant value and growth driver over the next decade as EV penetration continues to increase. In a scenario where SmartCut SiC fails, Soitec can still maintain its dominant position and decent growth profile in smartphones. The stock is trading on a price-to-earnings multiple of 21x.[8]

Outlook

In the short term, we believe the market will likely remain volatile as investors continue to speculate on the Fed's future interest rate moves and whether (and when) the US economy will go into recession. Our 83% net invested position reflects our optimism that, in this potentially volatile environment, we will likely have plenty of opportunities to deploy capital and invest in interesting businesses over the coming 12 months.

We will continue to look for opportunities in areas of structural change that are underappreciated by the market and are out of favour. Examples of the former include the decarbonisation theme, factory automation and structural changes in the way business-to-consumer businesses will advertise to consumers in the future. With regard to the latter, given the collapse of unprofitable software companies over the last 18 months, we are sifting through the wreckage and looking for companies with good products, mission-critical applications, and where management has outlined a credible path to profitability. Within this, we are careful to avoid companies with structurally unprofitable businesses. The Fed increasing rates less aggressively is not an antidote for bad business models and poor unit economics.

6 Source: FactSet Research Systems.

7 Source: https://newsroom.st.com/media-center/press-item.html/c3139.html

8 Source: FactSet Research Systems.

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

This publication has been prepared by Platinum Investment Management Limited ABN 25 063 565 006 AFSL 221935, trading as Platinum Asset Management (Platinum®). Platinum is the responsible entity and issuer of units in the Platinum International Technology Fund (the "Fund"). This publication contains general information only and is not intended to provide any person with financial advice. It does not take into account any person's (or class of persons') investment objectives, financial situation or needs, and should not be used as the basis for making investment, financial or other decisions. You should read the entire Platinum Trust® Product Disclosure Statement (including any Supplement(s) thereto) ("PDS") and consider your particular investment objectives, financial situation and needs before making any investment decision to invest in (or divest from) the Fund. The Fund's target market determination is available at www.platinum.com.au/Investing-with-Us/New-Investors. You can obtain a copy of the current PDS from Platinum's website, www.platinum.com.au or by phoning 1300 726 700 (within Australia), 0800 700 726 (within New Zealand) or +61 2 9255 7500, or by emailing to invest@platinum.com.au. You should also obtain professional advice before making an investment decision.

Neither Platinum nor any company in the Platinum Group®, including any of their directors, officers or employees (collectively, "Platinum Persons"), guarantee the performance of the Fund, the repayment of capital, or the payment of income. The Platinum Group means Platinum Asset Management Limited ABN 13 050 064 287 and all of its subsidiaries and associated entities (including Platinum). To the extent permitted by law, no liability is accepted by any Platinum Person for any loss or damage as a result of any reliance on this information. This publication reflects Platinum's views and beliefs at the time of preparation, which are subject to change without notice. No representations or warranties are made by any Platinum Person as to their accuracy or reliability. This publication may contain forward-looking statements regarding Platinum's intent, beliefs or current expectations with respect to market conditions. Readers are cautioned not to place undue reliance on these forward-looking statements. No Platinum Person undertakes any obligation to revise any such forward-looking statements to reflect events and circumstances after the date hereof.

MSCI Disclaimer

The MSCI information may only be used for your internal use, may not be reproduced or redisseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. (www.msci.com).