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

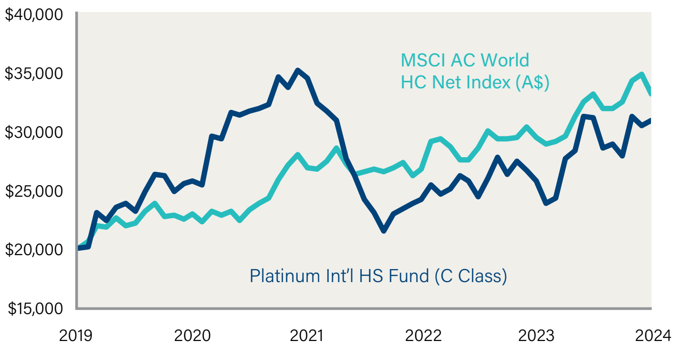
compound p.a.+, to 30 September 2024

	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 5. 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 5.

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.

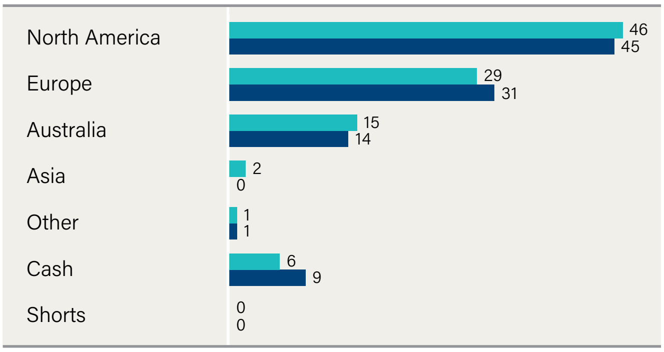
This quarter we participated in a number of equity raises for our portfolio companies. Our criteria include valuation, business progress and a careful focus on what the money will be used for.

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.

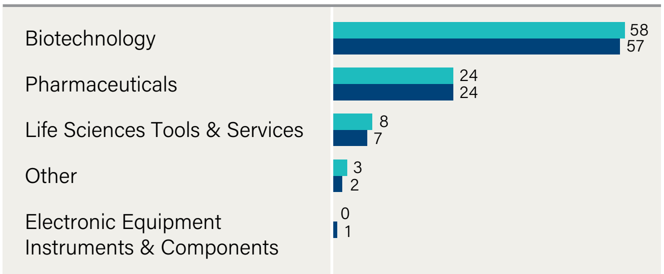
Disposition of Assets %



30 SEP 2024 30 JUN 2024

See note 3, page 5. 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 5. 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 5.
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.

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 Health Sciences 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/invest-now. 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).