

Platinum Global Fund (Long Only)



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Portfolio Manager

Overview

- After an early sell off, markets bounced back on the 'pause' in new US tariff policies. In this environment technology stocks did well and our holding in companies like **Broadcom**, **Samsung** and **TSMC** outperformed.
- Views on nuclear energy are shifting as AI drives even higher demand for low-emission energy. Our holding in Canada's **Cameco** was a big winner from this trend in the June quarter.

Performance

compound p.a.+ , to 30 June 2025

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Global Fund (Long Only)*	3%	3%	10%	8%	9%
MSCI AC World Index^	6%	18%	19%	15%	9%

+ Excludes quarterly returns.

* C Class – standard fee option. Inception date: 28 January 2005.

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.

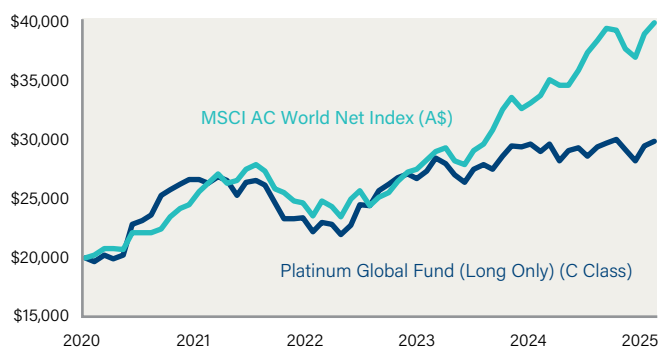
Source: Platinum Investment Management Limited, FactSet Research Systems.

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 2020 to 30 June 2025



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.

In April there was a sharp negative response to President Trump's 'Liberation Day' tariff announcements. By quarter end though, markets came back strongly as it became clear US trade policy was still up for negotiation.

We saw good performance from US tech holdings like **Micron Technology** (+38%), **Broadcom** (up over 60%), **Lam Research** (+30%) and from Asian tech giant **TSMC** (up 12%).

Energy stocks **Valaris** (US) and **Cameco** (see below) were significant contributors and our financial holdings – **Allfunds** (+22%) from the UK and **Shinhan Financial** (+27%) from South Korea – also did well.

Our weakest position was **Wizz Air**, a low-cost airline focused on Eastern and Central Europe. We examine this position in detail below.

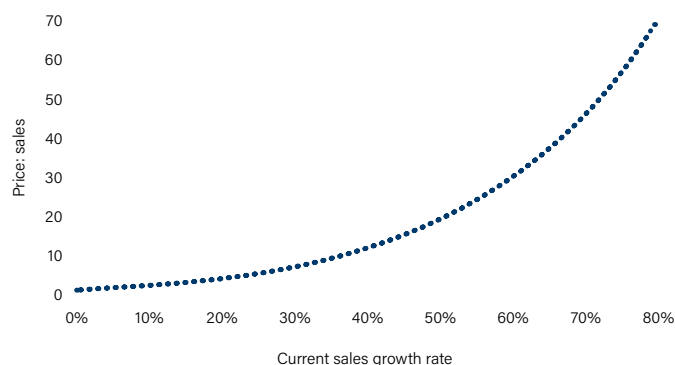
Commentary – how to value AI stocks?

AI stocks are like many high-growth, disruptive companies. You expect high sales growth, with significant reinvestment in R&D and marketing, and so no dividends or buybacks.

This means no profits or free cash flow on the horizon, so it's difficult to value the stock via price to earnings or discounted cash flow measures – the standard tools for fundamental investors.

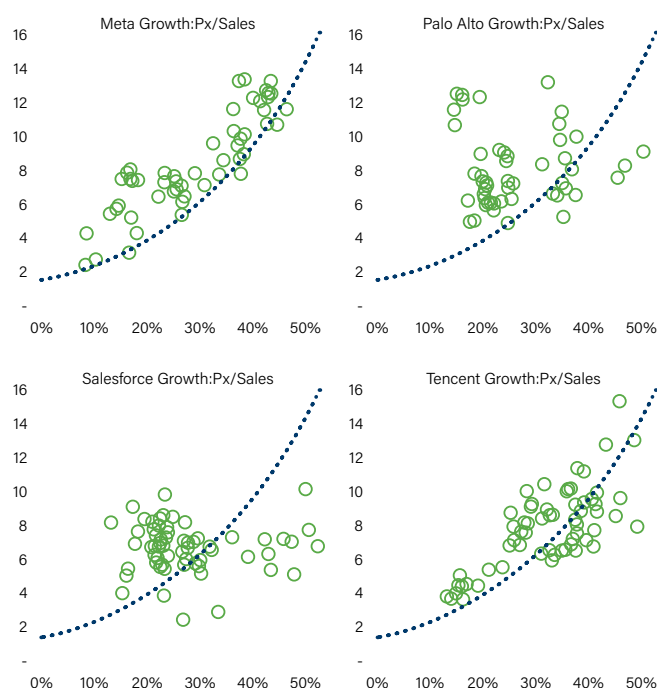
For these stocks, we more commonly see valuations using price to sales. This is more of a heuristic than a robust approach but without profits or free cash flow, it may be worth applying best practice valuation science to this price to sales measure to derive a theoretical adjusted price to sales valuation model (TAPS). The TAPS curve helps us derive a reasonable model of a company's value by comparing the growth rate of a stock to its theoretical price to sales.

TAPS Curve

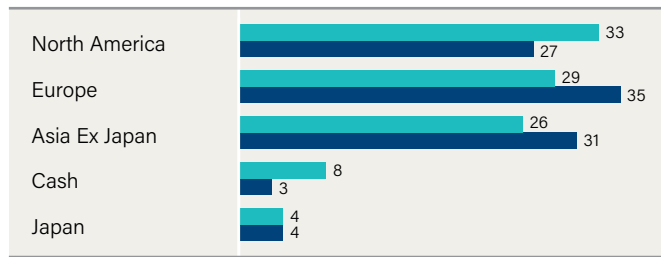


As you can see, the TAPS curve is convex, or exponential, as for these types of stocks, high growth is assumed to compound in the future.

We can see below how some high growth stocks historically looked against the TAPS curve. We're not expecting a perfect fit, but a relationship which holds pretty well.



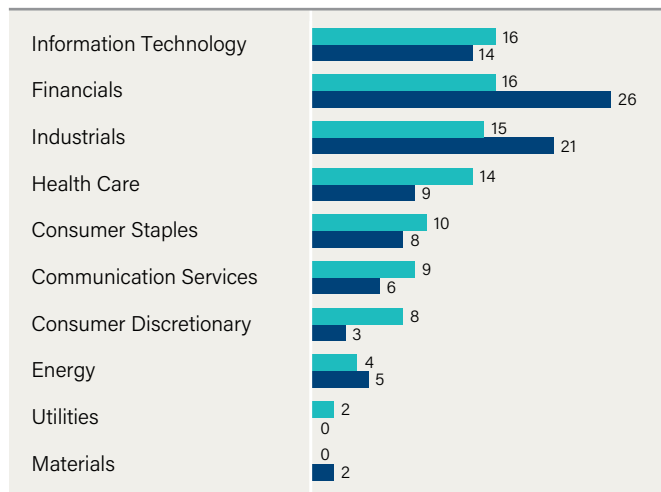
Disposition of Assets %



■ 30 JUN 2025 ■ 31 MAR 2025

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

Net Sector Exposures %



■ 30 JUN 2025 ■ 31 MAR 2025

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

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Taiwan Semiconductor	Taiwan	Info Technology	5.2%
Alphabet Inc	US	Comm Services	4.1%
Novartis AG	Switzerland	Health Care	3.1%
UBS Group AG	Switzerland	Financials	2.9%
Unilever Plc	UK	Consumer Staples	2.8%
Mowi ASA	Norway	Consumer Staples	2.6%
Shinhan Financial Grp Co	South Korea	Financials	2.6%
Rogers Communications	Canada	Comm Services	2.5%
Orsted	Denmark	Utilities	2.4%
Cameco Corp	Canada	Energy	2.3%

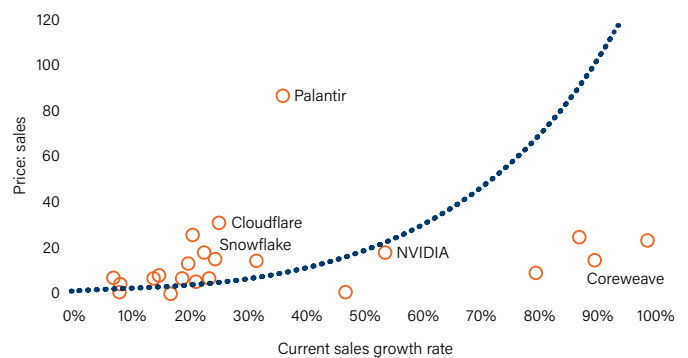
As at 30 June 2025. See note 5, page 5.
Source: Platinum Investment Management Limited.

The final step is to compare AI stocks' current valuation with the TAPS curve. AI stocks are not particularly different from previous high growth stocks and there's no reason to exclude them as an investment theme on valuation alone.

However, the primary concern is that many AI-themed stocks have quite low growth, more like 20% than the 30%+ that you'd hope to see from a true disruptor. It may be that growth expectations are too low. In some of these stocks, the disruptive AI component is part of a slower growing business.

Palantir, for example trades on 82x times sales, but revenue growth in 2024 was 29% and forecasts for 2025 and 2026 are 36% and 29%, not the explosive growth assumed for this valuation from the TAPS model. At the other end, Coreweave is only on 15x sales, yet sales are forecast to grow 100% each of the next two years. The TAPS model would suggest this valuation is too low. The reason for the difference is that Palantir already makes 21% profit margins, but Coreweave makes a loss and is highly unlikely to achieve similar margins in the medium term. The TAPS model helps us account for these differences and we run an extension in-house to give us more insight.

TAPS AI Curve



Obviously, Platinum isn't abandoning rational fair price modelling or fundamental deep-dive analysis for AI stocks. The key to any investment decision is understanding the business model, then forecasting growth and future cash flows as part of a robust valuation. The Platinum approach to AI has been to play the major enablers in semiconductors and large language models as the best early way to benefit. As the industry develops and new winners emerge, we will be looking where to focus next. The TAPS curve provides crucial valuation context.

China's great trade war

Over 20% of the Fund is invested in Greater China so we're watching how China deals with a volatile trade environment.

China matched all the additional tariffs imposed by the US up to 125% and imposed strict export controls on critical minerals in response to the US restrictions on advanced chips. On 12 May, the two sides agreed to suspend all additional tariffs. They met for talks which established a broad framework without a solid agreement.

Many economies have attempted to placate the US by agreeing to smaller tariffs. China is "resorting to confrontation to prevent confrontation and using talks to secure peace." They can take this approach because they are in a stronger economic position and have more diversified export destinations than during the last major trade dispute in 2018.

Separately, Chinese retail sales were up 6% in May and consumer confidence is improving. Export growth has been resilient, with the decline in US trade more than offset by exports to other regions.

China's trade strategy has been reasonably successful and we hope further negotiations reduce the negative impact on both economies.

Cameco – a new energy

Cameco is a Canadian uranium miner (up nearly 70% this quarter). Cameco's operations span much of the nuclear fuel cycle and reactor technology. We took a position two years ago believing the uranium price was incongruent with the new investment needed to satiate future demand. The uranium market had been capital starved for over a decade, as excess secondary supply and existing inventory meant there was a supply overhang.

Renewed enthusiasm for nuclear energy, both as a low-carbon baseload power source and because of new demand from data centres/artificial intelligence has revived the sector.

Cameco can thrive in this changing marketplace. Its joint venture with Westinghouse provides exposure to reactor newbuilds. It is benefiting from a tight fuel cycle thanks to Russia/Ukraine. Historically, customers in the uranium space suffer from FOMO on supply and pay less attention to price. All these forces can drive Cameco outperformance and we maintain our buy position

Wizz Air disappoints

Wizz Air is a stock we didn't get right – the stock fell 25% this quarter. We invested in Wizz given its potential as a low-cost Eastern European airline with a strong growth runway - expanding into under-served regions that were increasingly prosperous and integrated.

Over the past two years, Wizz had to ground around 20% of their fleet due to manufacturing defects in their Pratt and Whitney engines. According to management, the business should have normalised over the past two to three quarters as more planes returned to the sky. This should have reduced business inefficiency and cut unit costs.

However, in their FY25 results the company further delayed this normalisation, guiding to another year of cost pressures. The business may well recover and the stock could easily double, but it no longer meets our quality requirements and the risk/reward ratio is no longer positive. We sold down the position in June.

Fund Outlook

The Fund offers a diversified exposure to international stock markets. Our role in client portfolios is to offer access to investments beyond US mega cap tech stocks and we provide substantial exposures to Europe, Asia and China. We also offer exposure to investment opportunities in value segments in consumer, healthcare, telecoms and industrials.

We believe there is an elevated chance of a crisis in US stock markets. In the short-term they face the expiration of the tariff pause and simmering Middle East conflict. Longer-term the interplay of rising debt and restrictions on central bank independence could push up inflation in a slowing economy.

Our analysts have identified opportunities to profit from value in stock markets outside the best-known themes, augmented by protective cash management. We believe this represents the best balance of risk and return in current markets.

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 net MSCI index in AUD.
3. The geographic disposition of assets (i.e. other than "cash") 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. "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 exposures to the relevant sectors through its long securities positions and long 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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