Platinum International Brands Fund

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Portfolio Manager

Overview

- The Platinum International Brands Fund generated a return of over 6% for the June 2025 quarter with good stock selection as the major driver of returns. Over the full year returns were up over 22%.
- **Galderma**, founded in the early 1980s as a joint venture between L'Oreal and Nestlé, was a key contributor this quarter. We took advantage of a large price fall to add to our position in the company, a leading player in dermatology. That decision was rewarded as the stock price bounced back toward record highs.
- A surface read on global economics and equity markets looks positive and AI offers the potential of generational productivity gain. However, we are moving cautiously, with trade policy volatility and US debt both major concerns. That said, any market volatility may give us an opportunity to add to our holding in high-quality brand businesses at reasonable prices.

Performance

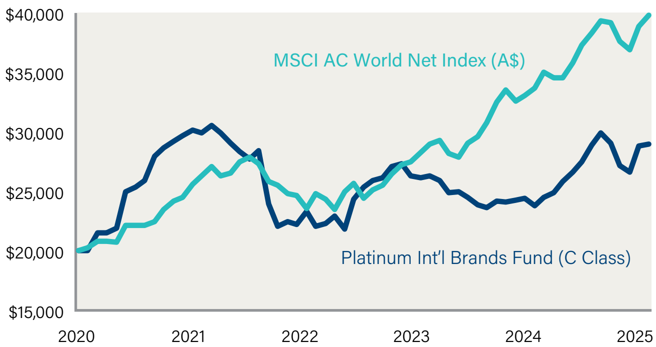
compound p.a.+, to 30 June 2025

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Brands Fund*	7%	22%	8%	8%	11%
MSCI AC World Index^	6%	18%	19%	15%	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 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.

The past quarter saw a sharp rally in US markets, which recovered from a weaker prior period. However, the quarter was not without its challenges. It began with the announcement of the 'Liberation Day' tariffs, which were broader and more severe than market participants had anticipated. The chaotic manner of their initiation and shambolic management risks undermining business and market confidence. This, combined with an expansion of hostilities in the Middle East and persistent questions over the sustainability of the US federal deficit, created significant headwinds. Nevertheless, markets rallied on the working assumption that trade deals would ultimately be hammered out and on growing optimism over the productivity-enhancing potential of rapidly evolving Artificial Intelligence models.

European equities ended the quarter essentially flat. While monetary policy remains supportive, a renewed sense of optimism is emerging that fiscal expansion and further capital market integration might boost equity market performance. The strength of the Euro and Swiss Franc, however, represents an earnings headwind for many of our European holdings.

In Asia, the possibility of a full-blown trade war between the United States and China continued to weigh on markets. While a détente appears to have been reached, it is unclear if it can hold, as the underlying sources of tension remain. China's domestic economy shows signs of stabilising, but a significant stimulus-fuelled recovery has not materialised. Instead, China appears to be doubling down on a long-held strategy of manufacturing and export-led growth that is meeting increasing resistance from Western trading partners.

The Fund's performance this quarter was once again primarily driven by stock-specific factors. In our last report, we discussed our thesis for **Galderma**, noting that its 25% price fall represented a significant divergence between market sentiment and what we saw as the company's strong underlying fundamentals. We used that period of weakness to add to our position. This quarter, our thesis was affirmed as Galderma became the largest contributor to Fund performance. Its stock was up 20% in the quarter and is now back near its all-time high.[1]

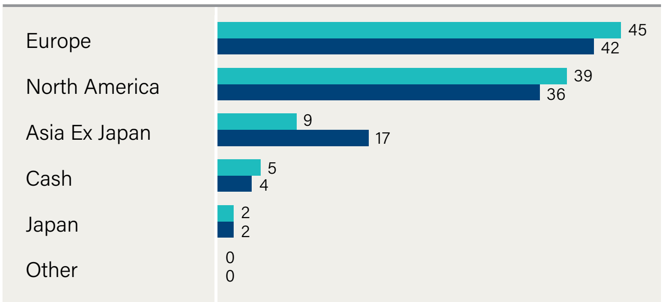
Other significant contributors included US cosmetics company **e.l.f. Beauty** (+90%), **Amer Sport**, owner of the Arc'teryx and Salomon brands and up 40% for the quarter. UK financial advisory network **St James's Place** returned 20% for the quarter.[2]

The main detractors from performance were some of our Chinese holdings: **Meituan**, **JD.com**, and **Trip.com**. Their share prices were affected by an intensifying competitive environment, specifically a costly campaign by JD.com to challenge Meituan and Trip.com in their core businesses of food delivery and travel distribution. This is obviously very frustrating and we are carefully considering how this dynamic affects the long-term value of our positions.

1 For a deeper look at Galderma see Nik's video: www.platinum.com.au/the-journal/the-business-of-looking-good

2 For more on Amer Sports watch Nik's video: www.platinum.com.au/the-journal/hiking-margins

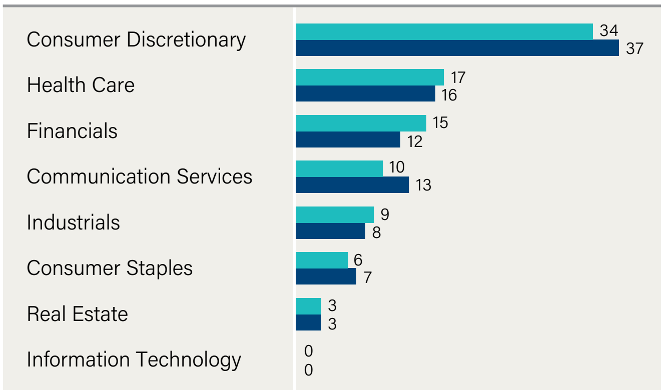
Disposition of Assets %



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
Galderma Group AG	Switzerland	Health Care	4.9%
St James's Place PLC	UK	Financials	4.7%
Meta Platforms Inc	US	Comm Services	4.5%
Amer Sports Inc	Finland	Cons Discretionary	4.5%
Uber Technologies Inc	US	Industrials	4.3%
Amazon.com Inc	US	Cons Discretionary	4.0%
Industria de Diseno Texti	Spain	Cons Discretionary	4.0%
Visa Inc	US	Financials	3.9%
Flutter Entertainment PLC	UK	Cons Discretionary	3.8%
Zoetis Inc	US	Health Care	3.8%

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

Commentary – of chicken wings and healthy pets

Following the announcement of the new US tariffs in early April, markets experienced a sharp but brief sell-off. The administration's subsequent messaging about negotiating trade deals to wind back these tariffs quickly calmed markets. We used the narrow window of opportunity opened by this disruption to initiate two new positions: **Wingstop** and **IDEXX Laboratories**.

Wingstop is a fast-casual restaurant chain that has carved a niche for itself by focusing squarely on flavourful chicken wings. The core of their concept revolves around a simple menu: cooked-to-order classic and boneless wings which can be tossed in a variety of about a dozen distinct sauces. The menu was recently expanded to include chicken tenders and burgers. For those in or visiting Sydney, their first Australian store recently opened in Kings Cross.

From our perspective, Wingstop's simple, appealing menu allows for both operational simplicity and modest upfront investment. That in turn is yielding fantastic store productivity and a very high return on investment. Our view is that the concept has plenty of room to grow both geographically and through menu expansion. While the 70x earnings we paid may appear high on a trailing basis, we believe it should compress quickly as the company executes its expansion plans.

IDEXX is a global leader in veterinary diagnostics and software, providing veterinarians with the tools and data they need to keep pets healthy. Their business primarily revolves around selling a range of in-clinic diagnostic instruments – think blood and urine analysers – and the consumable reagents needed to run them. That consumables element creates a valuable continuous revenue stream.

IDEXX's development of equipment that allowed a migration of testing from centralised laboratories to in-practice settings was a game changer. It allowed vets to provide rapid results for anxious pet owners while shifting costs like rent and technicians' wages from IDEXX to the vet. More importantly, it allowed IDEXX to develop a classic "razor and blade" model, selling machines on multi-year contracts that require a minimum annual purchase of high-margin reagents.

We see a series of durable growth drivers within this business:

- Consumers' propensity to spend on pet health is rising
- Most of that spending is out-of-pocket
- The penetration of diagnostic testing continues to increase.

We acquired our IDEXX position at 30 times earnings. While not cheap, we believe this is a fair price for an outstanding business with the ability to reinvest capital at a 40% return and with a long runway for growth.

Outlook

On the surface, the outlook for global economies and equity markets appears favourable. In developed economies unemployment is low, inflation is slowing and real income growth is strong.

Europe is benefitting from a significant loosening of monetary policy and optimism around future fiscal stimulus. China's domestic economy finally appears to have stabilised. The rapid evolution of Artificial Intelligence also adds the prospect of a generational technological leap to the mix; one that could dramatically improve economic productivity.

Below the surface several factors warrant a more measured approach. The recent – and multiple – US tariff policy announcements and chaotic trade negotiations have shaken business confidence and could lead to deferred investment or a sub-optimal preference for flexibility over efficiency.

The subsequent erosion of confidence in US institutions and governance is already reflected in rising long-dated treasury yields and a depreciating US Dollar – but not yet in equity prices. A key concern is the proposed budget reconciliation bill, which highlights an apparent inability by the US government to behave responsibly and rein in spending or increase taxation. This has significant implications for both economic and social outcomes.

We remain confident in the portfolio's current positioning. We hold high-quality businesses with strong brands that continue to generate meaningful earnings growth and high or improving returns on capital. While valuations across the market remain demanding, we have observed that markets can be collectively neurotic and panic at the first whiff of trouble. This can create episodic windows of opportunity – as we saw in April – to add exceptional businesses to the portfolio at reasonable valuations.

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.

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