Platinum International Technology Fund

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Portfolio Manager

Overview

- Technology stocks were up this quarter, shrugging off geopolitical and tariff concerns. Our AI-oriented holdings in companies like **Broadcom**, **Nvidia** and **Amphenol** did every well.
- In this quarter's report we assess Apple as it grapples with the potential risk of being disintermediated by AI.

Performance

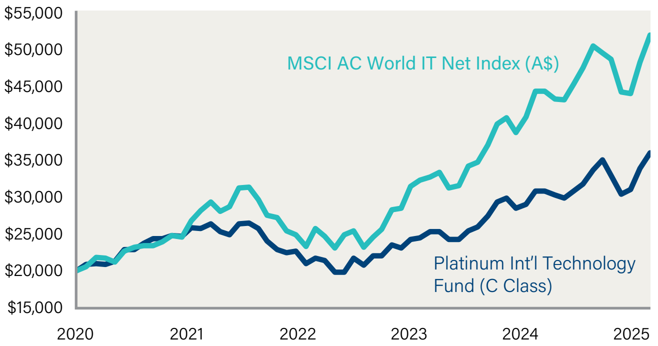
compound p.a.+, to 30 June 2025

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Tech Fund*	18%	17%	20%	12%	10%
MSCI AC World IT Index^	17%	17%	31%	21%	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 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 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.

Fund performance was strong as tech stocks rebounded to all-time highs. Concerns around tariffs and geo-political risks were ultimately short lived. AI names **Broadcom** (+60%), **Nvidia** (+40%) and **Amphenol** (+45%) posted strong results over the quarter as concerns over a slowdown in AI capex eased. **Netflix** (+40%) and **Veeva** (+26%) reported strong 1Q results.

Disappointingly, the final two weeks saw a performance setback from idiosyncratic sources. **Cadence** and **Synopsys** (~8% of the Fund) declined ~10% after the US administration banned EDA software sales to China as a bargaining chip in trade negotiations. The ban was lifted in the first week of July and both stocks rebounded accordingly.

Visa and **Mastercard** (~7% of the Fund) both fell ~5% amid renewed concerns that stablecoins could disrupt traditional card networks. We think this unlikely. There were similar narratives about crypto and BNPL during the last bubble. Payment networks are demand side aggregation businesses where consumers decide how they will pay.

The average consumer chooses card networks for their awards, convenience, wide acceptance and fraud protection. Stablecoins are an inferior alternative given added friction, limited acceptance and regulatory uncertainty.

Please note that we had to raise cash at the end of the quarter to fund our annual distributions. As such, our net exposure as at 30 June 2025 was in the high eighty percent range. Our net exposure will revert to the low ninety percent range once the distribution is paid in early July.

Key portfolio changes

We made the following changes to the portfolio:

- We bought a ~1.5% position in **KLA Corp** (a supply side oligopolies business). KLAC holds a dominant position in inspection and metrology in leading edge semi manufacturing. It will likely benefit from growth driven by increasingly complex transistor architecture at the leading edge. KLAC tools are crucial in improving yields on ever more expensive wafers.
- We added to our analog semi positions – **Texas Instruments** and **Analog Devices** – and initiated a 1% position in **Microchip** (entrenched hardware business). It's likely the analog cycle has finally bottomed after a ~3-year downturn and we expect an earnings rebound.
- We funded these positions by trimming **SAP** and exiting **PTC**, **Siemens** and **Tokyo Electron**.

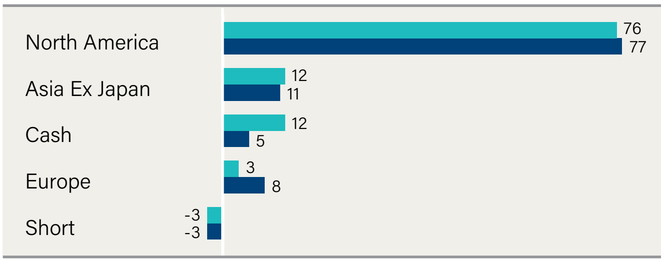
Portfolio exposure based on the Quality / Growth matrix is as below:

Key portfolio holdings

BUSINESS QUALITY	GROWTH POTENTIAL: LOW POTENTIAL	AVERAGE POTENTIAL	HIGH POTENTIAL
BEST IN CLASS	Visa	Meta, Microsoft, ASML, Cadence, Synopsys, Mastercard, Broadcom	Intuitive Surgical, Nvidia, SAP
ABOVE AVERAGE	Analog Devices, Texas Instruments, Microchip	Netflix, TSMC, Google, Lam Research, Constellation, KLAC, Amphenol	Amazon, Veeva, Uber, Coupang, ServiceNow, Arista, Vertiv, BESI
AVERAGE	–	–	–
BELOW AVERAGE	–	–	–

Source: Platinum

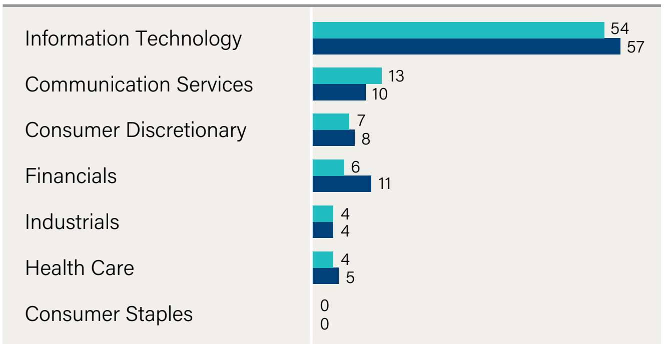
Disposition of Assets %



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
Broadcom Inc	US	Info Technology	7.1%
NVIDIA Corp	US	Info Technology	6.2%
Microsoft Corp	US	Info Technology	6.2%
Taiwan Semiconductor	Taiwan	Info Technology	5.5%
Netflix Inc	US	Comm Services	5.1%
Amazon.com Inc	US	Cons Discretionary	5.1%
Meta Platforms Inc	US	Comm Services	5.0%
Veeva Systems Inc	US	Health Care	4.4%
ASML Holding NV	Taiwan	Info Technology	4.1%
Lam Research Corp	US	Info Technology	3.9%

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

Portfolio exposure

BUSINESS QUALITY	GROWTH POTENTIAL		
	LOW POTENTIAL	AVERAGE POTENTIAL	HIGH POTENTIAL
BEST IN CLASS	3%	30%	8%
ABOVE AVERAGE	5%	25%	19%
AVERAGE	–	–	–
BELOW AVERAGE	–	–	–

Source: Platinum

Apple and the next platform shift

The Platinum International Technology Fund does not currently have a long or short position in Apple.

Apple was a winner over the past 15 years as personal computing transitioned from desktops to smartphones. In the 2010s, the iPhone built a large user base through the seamless integration of iOS with great hardware design to offer users unique, intuitive and arguably superior computing experiences. Examples included:

- first to market with multi-touch input on large capacitive touch screens
- in-sourcing chip design to deliver best-in-class performance and battery life
- seamless cross device compatibility through features such as Handoff and Airplay and peripherals like the Watch and Airpods.

For much of the past decade, the iPhone was synonymous with the marketing tagline “it just works”.

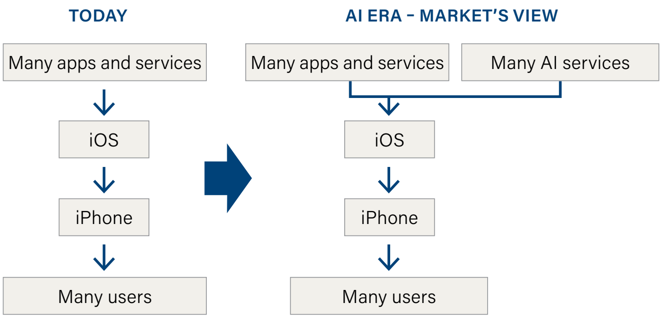
In the past five years the smartphone market matured, phone designs converged and competitors arguably surpassed the iPhone’s hardware. As these dynamics changed, Apple increasingly relied on the iOS platform to extract value from their business in a similar fashion to many of our demand side aggregation businesses.

On the users’ side, iOS is the main way Apple lock in their 1bn+ user base. Users are reluctant to switch due to inertia, the need to repurchase apps and port across contacts, photos and personal data. Apple monetises these high value users by being the ‘toll road’ for apps and service providers (see Figure 1). Google paying Apple $20bn a year to be the default search engine exemplified Apple’s market power.

With the rise of ChatGPT and other AI services, the prevailing market narrative assumes the status quo – AI will be another category of apps and services. Apple will be an

"AI winner" as the iOS platform remain the primary toll road for AI services to access high value users (see Figure 1). This view is likely Apple's own internal narrative. Apple has underinvested in Apple Intelligence and is increasingly reliant on external partnerships like ChatGPT for AI functionality.

Figure 1: Apple's place in the value chain – today and the market view in the AI era



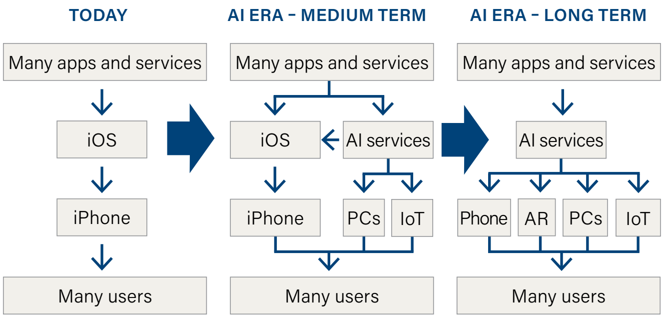
Source: Platinum

Although we remain cautious about the AI promise, "AI agents" – where AI interprets and execute tasks autonomously for a user – could be the next evolution in device interactions. Rather than relying on touchscreen inputs, the interactions happen through the AI agent autonomously or via voice. Today, this could be simple tasks such as drafting emails or scheduling meetings. But in five years' time, AI agents could book our hotel or buy toilet paper every two weeks.

In this scenario Apple's market power could weaken materially over the medium term. On the users' side, iOS' lock-in effects could weaken as agentic AI interactions increase and touchscreen inputs decrease. There will be a tipping point. Users will accept high operating system switching costs in pursuit of a superior and capable agentic AI experience as the value of the latter meaningfully outweigh the costs of the former. On the apps and services side, it's likely native integration between them and AI services is on the roadmap. There's strong incentive to do so, firstly, to create a seamless and integrated agentic AI experience for users, and secondly, to create new hardware-agnostic distribution channels, bypassing the iOS toll road (see middle column in Figure 2).

The existential risk for Apple is that agentic AI evolves into the new operating system for the next generation of hardware which do not require touchscreens (e.g. Meta's Orion or Xiaomi's AI glasses). If this happens, the iOS and iPhone will be obsolete and Apple another commoditised hardware OEM. One only needs to remember Blackberry clinging on to the superiority of their keyboards at the beginning of the touchscreen era to see the disintermediating effects of interface changes. The right column in Figure 2 shows how the value chain could evolve long term.

Figure 2: Our views on the evolution of the value chain



Source: Platinum

Given these potential outcomes, Apple's relationship with ChatGPT could be them welcoming a large wooden horse through the gates of Troy. We think Apple must develop and control their own leading edge agentic AI models, deploy it in iOS and natively integrate with apps and services providers as quickly as possible. Whilst doing so is expensive (xAI is reportedly burning $1bn a month, Meta is spending $72bn this year on capex), Apple, generating ~$100bn+ annually in free cash flow, is one of the few companies with the resources to do so. This investment is not in consensus estimates and could potentially benefit our AI capex holdings like **Broadcom**, **Nvidia**, **Amphenol**, **Arista** and **Vertiv**.

Computing witnessed three major platform shifts. In the 1980s from mainframes to desktop PCs. In the 2000s from desktop PCs to desktop internet. And in the 2010s from desktop internet to smartphones. Each transition reshaped the industry and redistributed profit pools. Sector leadership changed as incumbents were slow to adapt. Is Apple ready for the next platform shift?

Outlook

Tech indices and many stocks in our portfolio are back to highs in price and valuations. Navigating the current environment is tricky. We can feel the market enthusiasm for risk as low quality and stock promotion businesses are rallying 5 – 10% a day and as our inbox is inundated with science projects and (sometimes literal) moonshots looking to IPO to raise capital.

We continue to fulfill our promise to investors. We remain disciplined, seeking opportunities in high quality businesses with good growth prospects trading at acceptable valuations and risk. New areas of research for us includes defence companies and emerging market eCommerce platforms.

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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