Platinum Japan Fund

Leon Rapp
Portfolio Manager

Overview

- We are positioning the Platinum Japan Fund to take advantage of an anticipated upsurge in demand for robot, factory automation and logistics players like **FANUC**, **Keyence**, **DMG Mori** and **Daifuku**. All these companies stand to benefit from US efforts to reshore and retool their manufacturing sector.
- While much of the talk around Japan's recent sharemarket resurgence has focused on improved governance, we see productivity enhancements from more automation, a technological edge in key markets and better capital allocation as key factors in Japan's revival.
- The Fund returned +4.8% during the quarter versus an index return of +6.8%. Over the past year the Fund is up more than 26%.

Performance

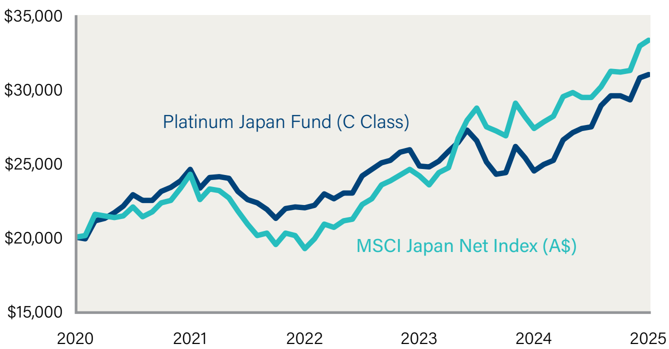
compound p.a.+, to 30 September 2025

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Japan Fund*	5%	26%	12%	9%	12%
MSCI Japan Index^	7%	22%	20%	11%	4%

+ Excludes quarterly performance.
* C Class – standard fee option. Inception date: 30 June 1998.
After fees and costs, before tax, and assuming reinvestment of distributions.
^ Index returns are those of the MSCI Japan 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 2020 to 30 September 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 Fund returned +4.8% during the quarter versus an index return of +6.8%. Over the past year the Fund is up more than 26%.

The main contributors to performance this quarter were **Toho Titanium** (+36%) and **Mitsubishi Electric** (+21%), both beneficiaries of higher defence spending. Main detractors were **SHIFT** (-30%) and **DMG Mori** (-11%).

During the quarter we added two new stocks. The first is **Nabtesco**, a diversified industrial with particular strength in the speed reducers that are a key component in industrial robotic arms. Nabtesco has an estimated 60% market share globally.

As with many of Japan's automation stocks, Nabtesco has derated over the past five years as it struggled against emerging Chinese competitors. It also had a very diversified business portfolio that effectively hid its commanding position in speed reducers.

In a clear strategy shift, Nabtesco announced in July they were spinning out their hydraulics division and selling 70% of the entity to Comer Industries. They also announced a sharemarket buyback.

This is the type of opportunity we expect to see more of in Japan in coming years. In Japan today companies dance between three forces:

- high shareholder expectations
- pressure to improve governance
- competition for talent.

In our view, companies that act sooner in response to these forces are likely to see the most benefit from efforts to focus on their core competencies.

The second stock is **Asics**, a company we have been monitoring for some time. An already strong market position in the growing performance running shoe category is now matched with a world-class manufacturing and sales system and an ambitious management team.

Three quarters of Asics' sales come from overseas markets and we believe there is potential for further significant growth in market share. The fashion-focused premium Onitsuka Tiger brand sneakers are another avenue for growth as is expansion into other sports shoe categories such as tennis and soccer.

We think Asics is only in the early stages of establishing the brand as a major global player but given their impressive execution to date the signs are encouraging for continued growth ahead.

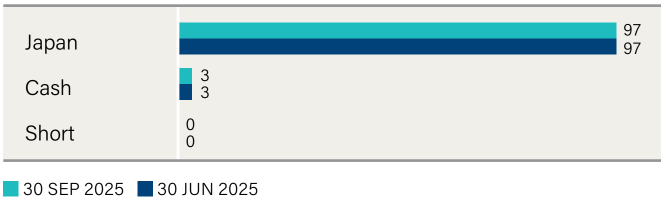
Commentary – Japanese stakeholder capitalism 1945-2025

As we wrote recently, we believe Japan is entering a period of extended productivity growth as it begins an overdue drive for corporate efficiency.

Much of the debate has focused on governance initiatives exhorting Japanese corporates to focus on balance sheet efficiency.

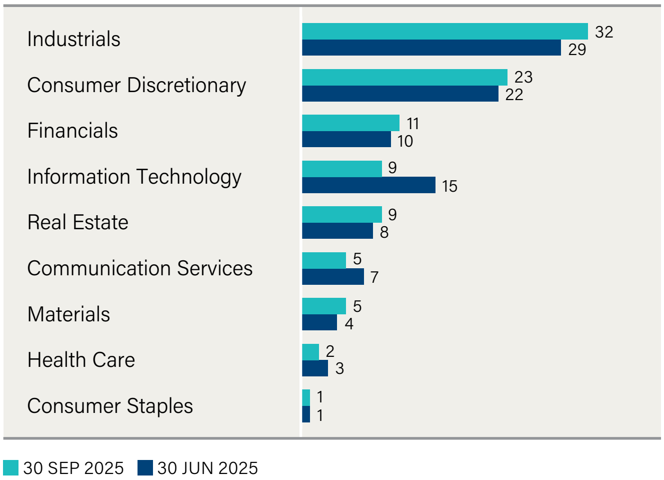
It is now also becoming clear that Japan's famed stakeholder capitalism, where the interests of shareholders ranked behind other stakeholders such as creditors, suppliers and employees, is being quietly but surely consigned to history.

Disposition of Assets %



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

Net Sector Exposures %



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

Top 10 Holdings

COMPANY	COUNTRY	INDUSTRY	WEIGHT
Taisei Corp	Japan	Industrials	6.2%
Mitsubishi Electric Corp	Japan	Industrials	6.0%
Sony Corp	Japan	Cons Discretionary	5.4%
Nintendo Co Ltd	Japan	Comm Services	5.2%
Mitsubishi Estate Co Ltd	Japan	Real Estate	5.1%
Toyota Motor Corp	Japan	Cons Discretionary	5.0%
Toho Titanium Co Ltd	Japan	Materials	4.8%
Daifuku Co Ltd	Japan	Industrials	4.4%
DMG Mori Co Ltd	Japan	Industrials	4.4%
Mitsubishi UFJ Financial	Japan	Financials	4.2%

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

Stakeholder capitalism may sound good in concept and Japanese corporate leadership believed it was a genuine alternative to US-style capitalism. In reality, it represents a dilution of true corporate purpose. As we saw over many years in Japan, it led to the pursuit of profitless sales expansion into non-core areas, thus undermining Return on Invested Capital and destroying shareholder value.

These ideas could only remain intact while credit remained cheap, competition was weak, there was limited workforce mobility and pliant shareholders. With all these conditions changing, we think the stage is set for a meaningful realignment of the Japanese corporate landscape. That could be very good news for long-term investors.

As competition for skilled labour increases, companies need to make pragmatic choices and allocate capital only to growing businesses with a clear competitive advantage. The ability to spin off or sell businesses, once a corporate taboo, has now become more widely accepted and this adds further impetus to the forces reshaping Japan's corporate sector.

Outlook – the US and Japan draw closer

A deepening economic relationship with the US, which needs Japan's manufacturing know-how to rebuild its lost industrial base, could open new growth opportunities for Japanese corporates.

We continue to hear stories of new US manufacturing projects coming to the realisation that their available local workforce no longer has the skills they need – save for a few workers in or near retirement.

Some argue that the US does not currently have the wherewithal to reindustrialise – costs are too high and the loss of manufacturing and engineering skills so great that such an undertaking would take years.

However, far from being a lost cause, this looks like an opportunity – for Japan. Many Japanese corporates maintained inefficient in-house manufacturing rather than outsourcing it. The payoff is that retaining valuable shop-floor knowledge has protected their ability to innovate while underwriting long term competitiveness.

Japanese firms are in the ideal position to share their know-how, to help retrain America's workforce and modernise their industrial base.

The combination of Japanese technical know-how with a US determination to reindustrialise – driven both by politics and geopolitics – seems to be a very powerful combination.

The mammoth $550bn investment agreement made by Japan in the recent trade deal with the US is particularly intriguing because it adds the one missing link in the US/Japan linkage – vast new sums of capital.

While the focus is yet to be determined, it appears this deal will focus on strategically important sectors such as semiconductors, pharmaceuticals, metals and minerals, shipbuilding, energy and AI.

Importantly, the US/Japan Memorandum of Understanding notes that while selection is determined by the US, Japanese suppliers should be prioritised for investment projects. This could deliver a new and largely undiscussed tailwind to the earnings of Japanese companies.

In the Platinum Japan Fund, our holdings in robotics and factory automation and logistics players like **FANUC**, **Keyence**, DMG Mori and **Daifuku** reflect our approach to catching that tailwind. The portfolio now has a significant position in these stocks as well as a group of proven world-class names like **Sony**, **Nintendo** and **Toyota**.

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. [The gross MSCI index was used prior to 31/12/98]. 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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