Platinum European Fund

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Overview

- As with most markets, European bourses were hit by the effects of the Iran war in March, which derailed a positive start to the year. Europe is a net energy importer and the crisis again highlights European dependence on imported energy and the importance of energy resilience in the region.
- We had raised cash in the portfolio before the Iran crisis and so were able to deploy cash in companies involved in energy efficiency, construction, infrastructure and factory automation whose share price fell despite strong underlying demand.
- We're also deploying our capital in defence stocks that have pulled back from their highs and in companies many perceive to be 'AI losers' but which own unique data assets that position them for success in an AI-enabled world.

Performance

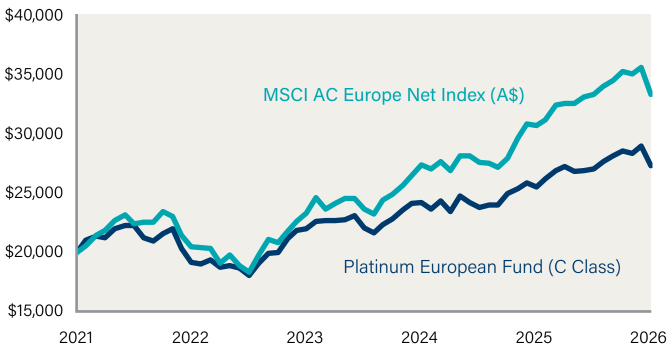
compound p.a.+, to 31 March 2026

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum European Fund*	-4%	7%	7%	6%	10%
MSCI AC Europe Index^	-5%	9%	13%	11%	5%

+ Excludes quarterly returns.
* 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 All Country Europe 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

31 March 2021 to 31 March 2026



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.

European equities entered January with good momentum and strong structural tailwinds, only to be derailed by the Middle East conflict in late February, an event which surprised investors in its scale. The implications of conflict in the Middle East extend well beyond near-term volatility. The International Energy Agency ranks the resulting supply disruption as the largest in the history of the global oil market. Attacks on energy infrastructure reduce the likelihood of a quick normalisation.

For the euro area, the consequences are meaningful. As a net energy importer, a sustained spike in energy prices functions as a terms-of-trade tax – a cost that must be absorbed by some combination of workers, firms and governments. Higher energy prices also ripple through other commodity markets, compounding inflationary pressures. Growth worries are also on the rise, but the market hasn't fully priced in a growth shock.

The conflict has also materially shifted the ECB's expected policy path. Rate expectations have moved up and are now more uncertain. Medium-term inflation risks are now tilted up – a change from recent quarters when disinflation was the dominant narrative.

The conflict has reinforced a longer-term structural message: Europe's dependence on foreign energy and, more broadly, on US-backed defence and technology infrastructure, is a strategic vulnerability. Reducing these dependencies – in commodities and in payment and communications systems – is not merely a policy aspiration. It is becoming an economic necessity.

European performers

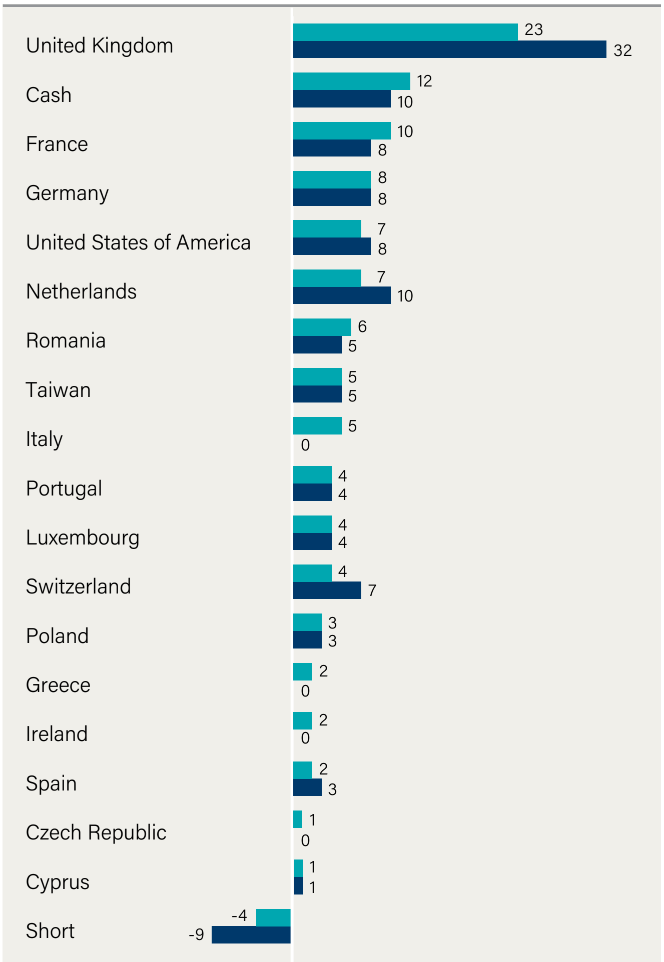
The Fund's best performers this quarter were in semiconductors and selected financials. **Aixtron** (+88%), **BE Semiconductor** (+33%) and **ASML** (+21%) enjoyed strong quarterly share price rises, reflecting continued investment in compound semiconductors and semiconductor capital equipment. **Banca Transilvania** was also a notable contributor, benefiting from loan and fee growth in the Romanian market and up 18% over the quarter.

Most of our European bank holdings, including **Barclays, Societe Generale** and **Lloyds Banking Group** detracted, as the market reassessed the macro trajectory in light of the Middle East conflict. Despite posting solid sales and operating profit growth, **Birkenstock**, the German footwear brand, suffered from poor sentiment in the consumer discretionary sector and fell around 12% over the quarter.

A strong pipeline of new ideas, together with sector specific selloffs resulting from the Middle East conflict and AI business model disruption, gave us opportunities to reshape the portfolio. We raised cash levels ahead of the escalation in the Middle East and as stocks corrected, we deployed capital into positions where risk/reward improved.

One position added during the quarter is **Lottomatica**, the leading gaming concessionaire in Italy. It has a predictable, regulated revenue stream and attractive free cash flow profile. New regulation has baked in a nine-year window of certainty as licence agreements have a fixed tax rate. In the most recent earnings result, the company announced a significant share buyback program, which in our view, removed a major business risk – namely that management decides to buy assets outside of Italy.

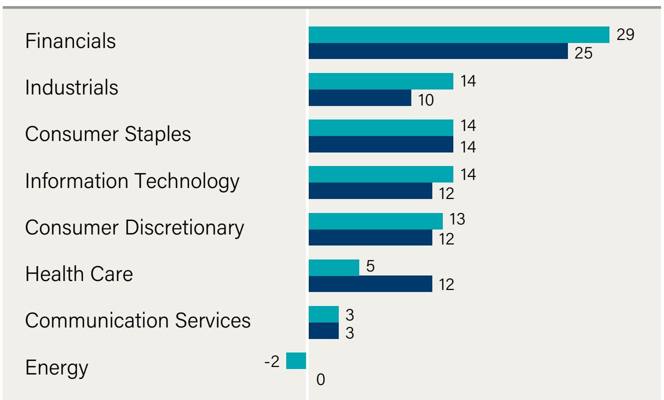
Disposition of Assets %



31 MAR 2026 31 DEC 2025

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

Net Sector Exposures %



31 MAR 2026 31 DEC 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
Banca Transilvania SA	Romania	Financials	5.8%
London Stock Exchange Grp	UK	Financials	5.5%
ASML Holding NV	Taiwan	Info Technology	5.1%
Nestle SA	US	Consumer Staples	4.9%
Jeronimo Martins SGPS SA	Portugal	Consumer Staples	3.9%
Lottomatica Group Spa	Italy	Cons Discretionary	3.9%
Birkenstock Holding Plc	Luxembourg	Cons Discretionary	3.9%
Lonza Group AG	Switzerland	Health Care	3.6%
Lloyds Banking Group PLC	UK	Financials	3.5%
AIXTRON SE	Germany	Info Technology	3.1%

As at 31 March 2026. See note 5, page 5.
Source: Platinum Investment Management Limited.

Commentary – defying AI disruption

The UK firm **Experian** was caught up in the broader selloff affecting software, classifieds, data and analytics businesses, as markets grappled with whether AI will erode their competitive moat. The debate is legitimate, but we think the market is being indiscriminate, so added in this space, but selectively.

Experian began as a credit bureau and has spent two decades expanding into data, analytics and software. It holds proprietary data on 1.4 billion consumers and 150 million businesses. Its Decisioning segment – analytics tools, software platforms and decisioning products – accounts for around a fifth of group revenue and is growing faster than the core data bureau. Its core asset remains its proprietary datasets, accumulated across financial services, healthcare, automotive and other verticals. This is combined with the analytical infrastructure to extract actionable signals from that data and deliver them through software embedded deeply within client workflows.

What makes Experian's data position genuinely difficult to replicate is not just scale, but architecture. The dataset is assembled through thousands of contributors across multiple sourcing strategies simultaneously. This includes give-to-get arrangements where lenders share data in exchange for richer pooled insights, compiled datasets, commercial partnerships, user-permissioned data and third-party sources. No single channel is sufficient; the value lies in the combination. Layered on top are decades of longitudinal history and industry-leading standards for freshness and accuracy, updated continuously across the contributor network.

Suppliers share data with Experian because the reciprocal arrangement is valuable to them – they receive a far richer, pooled view of the market than they could construct alone. A new entrant cannot offer that exchange on day one. Building the coverage and depth that makes the reciprocal relationship worthwhile for contributors takes years, often decades. Beyond reciprocity, banks and financial institutions face strict regulatory obligations around data sharing and third-party risk. Sharing sensitive financial data with an established, regulated and audited counterparty carries a fundamentally different risk profile than engaging with an unproven platform. The compliance burden of onboarding a new data partner is substantial, and institutions are conservative by nature. The result is a structural moat that compounds over time and is largely invisible to those focused solely on the technology.

A legitimate question is whether AI lowers the barrier to building credit models from alternative data sources – rental history, utility payments, open banking transaction flows – thus reducing dependence on the bureau altogether. The risk is real, but we believe it is long-dated and overstated for developed markets. In regulated jurisdictions, credit models must be explainable, auditable and demonstrably free of discriminatory bias. Bureau data carries decades of regulatory acceptance that alternative signals do not. New data sources also require years of performance validation across full credit cycles before institutional lenders will rely on them at scale. Importantly, Experian is not a passive observer – it is actively incorporating cash flow data, income verification and consumer-permissioned transaction data into its own platform, absorbing many of these streams before they can be used against it. Alternative data is more likely to expand the scoreable population than to displace the bureau for the credit-active consumers where traditional data is richest.

Software gets cheaper, data more valuable

The AI disruption question has two sides. On the constructive side, AI is making Experian more efficient at every stage of its data pipeline – collecting, processing and modelling. Its AI-driven fraud detection models have improved detection rates in loan and credit card applications. These are competitive advantages, not vulnerabilities.

The more nuanced risk lies in decisioning software, where AI could allow clients to build and deploy models with less dependence on Experian's platforms. This is a legitimate concern and one we continue to monitor. However, financial services remain among the most heavily regulated sectors globally – explainability, auditability and compliance requirements mean it's difficult to simply replace Experian's governed infrastructure with in-house AI models.

There is a point the market is missing: in an AI world, data does not become less valuable – it becomes more so. Models are only as good as their inputs. Yet the market is pricing Experian as though its data assets are depreciating rather than appreciating in this new environment. We added to the position on price weakness. In a world racing to build better models, would you rather have a better chip, or better data?

We trimmed our overall bank exposure and exited some positions where we felt the risk/reward had deteriorated. However, we are not walking away from the sector entirely – we have found better-quality opportunities within it. We initiated a position in Greece's **Eurobank**, which we believe offers more growth and value than most European peers. Eurobank has a credible growth plan and its loan growth is running above 10% per annum. That's stronger than the broader Greek market.

We exited **Exosens**, **Rentokil**, and our large pharmaceutical holdings – **AstraZeneca**, **Novartis** and **Roche**. We have not lost faith in these businesses, but we can find superior risk/reward in other parts of the market.

Outlook – the urgency of independence

The Middle East conflict reinforces a theme we have been developing for some time: Europe must invest to become less dependent on foreign energy and US-backed defence and must re-shore critical supply chains. This is not a short-term trade – it is a geopolitically necessary multi-year structural shift. It is creating real investment opportunities.

In the near term, growth is likely to be lower and inflation higher than markets were pricing before the Iran conflict. Uncertainty is elevated. We are navigating this carefully, but we are not paralysed by it.

Within that environment, we are finding opportunities in three areas.

- Companies involved in energy efficiency, construction and infrastructure investment and factory automation that have de-rated despite strong underlying demand.
- Defence stocks that have pulled back from their highs and now offer more reasonable entry points.
- Companies perceived to be 'AI losers' but which, on closer examination, hold genuinely unique data assets that position them for success in an AI-enabled world.

These are areas where we believe the market's assessment diverges meaningfully from underlying value – and that divergence is where we look to generate returns.

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 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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