Platinum International Brands Fund

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Overview

- It was difficult quarter for the Fund. Rising interest rates, other cost-of-living pressures like tariffs on US consumers, and finally the rise in energy prices resulting from the Iran war crushed demand for the discretionary products our companies produce.
- There has been a marked separation between our holdings' share price performance and the operational performance of their underlying businesses. They are high-quality, brand-focused companies and many are generating healthy profit increases.
- Core holdings like **Galderma**, **Birkenstock**, **Games Workshop** and **Amer Sports** all grew operating profit by 25% or more in FY25. Our view is that these companies are now better businesses than they were a quarter ago – and more attractively priced.

Performance

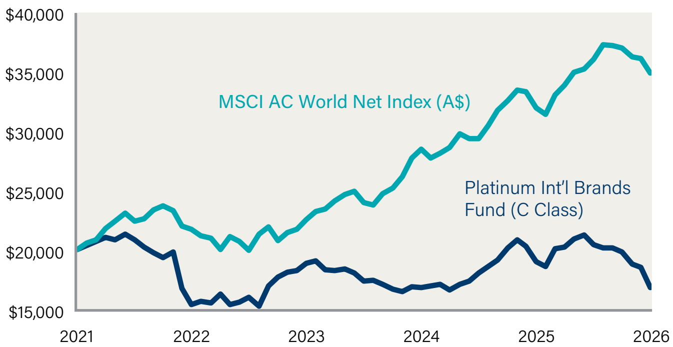
compound p.a.+, to 31 March 2026

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Brands Fund*	-15%	-12%	-4%	-3%	10%
MSCI AC World Index^	-6%	9%	16%	12%	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

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.

This has been an uncomfortable quarter to write about and there is no point pretending otherwise. Our Fund invests in some of the world's finest consumer businesses – companies with genuine pricing power, loyal customers and decades of compounded brand equity. Between January and March, none of that mattered. Investor sentiment collapsed, and the valuations the market was willing to assign these businesses fell sharply with it. Stock prices declined and our Net Asset Value declined accordingly.

And yet, sitting here at quarter-end, we find ourselves more convinced about the companies we own than we were three months ago. In the pages that follow, we will try to distinguish between what happened to share prices and what is happening inside the underlying businesses. They are not the same thing – and the market has not been making that distinction. Over the past three months, the gap between the two has become a yawning chasm.

Why consumer stocks fell

To understand the quarter, we need to start with the consumer. The backdrop facing household spending has been genuinely difficult, and investors have responded with a level of alarm.

Interest rates remain elevated by post-GFC standards, and the post-COVID inflationary squeeze on household budgets in developed markets has not fully abated. On top of that, the April 2025 Liberation Day tariffs functioned as a broad-based tax on imported goods – arriving just as US consumers began to adjust to higher borrowing costs. Then, in early 2026, the Iran conflict delivered what proved to be the final blow to confidence: oil spiked above US$120 per barrel and the discretionary portion of the household budget – the part the companies in the Platinum International Brands Fund compete for – became the first casualty. When it costs a hundred dollars to fill a tank, a family's calculus around dinner out, a new pair of shoes or a gaming kit changes fast.

The reaction across financial markets was swift and, in our view, disproportionate. In the U.S., Consumer Discretionary stocks fell approximately 15% from their January highs. What makes that number truly striking is what sits beneath it: of that 15% decline, roughly 14% came from multiple contraction – investors simply becoming less willing to pay for a dollar of future earnings. Only 1% reflected any actual downward revision to earnings forecasts.

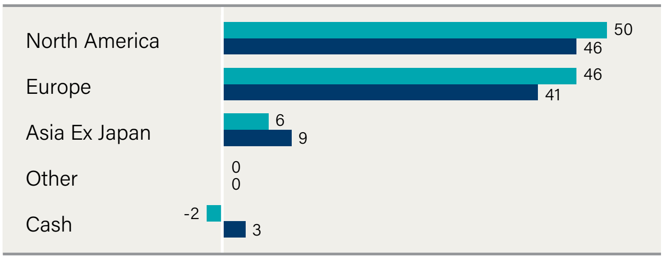
That is worth reflecting on. Our stocks fell not because the businesses are performing worse, but because the market became more fearful about the environment. That is a sentiment-driven move, not a fundamental one. Sentiment, unlike a broken business model, can recover quickly.

Where sentiment stands and why that matters

A recent report from Bank of America offers the clearest snapshot of just how pessimistic institutional investors have become when it comes to consumer stocks. They show the performance of an equal-weighted basket of consumer discretionary stocks relative to the S&P 500 index. This index has collapsed to levels only witnessed in the 2008 Global Financial Crisis and the 2020 COVID lockdowns. We are currently pricing world-class consumer brands as though we are on the brink of economic collapse.

And yet, corporate balance sheets are healthy. Unemployment remains low. Credit markets, while watchful, are not in distress. Most importantly, people are still buying things – sometimes different things, sometimes less of them, but the consumer has not disappeared. What has disappeared is the market's willingness to look past the next headline when it comes to consumer stocks.

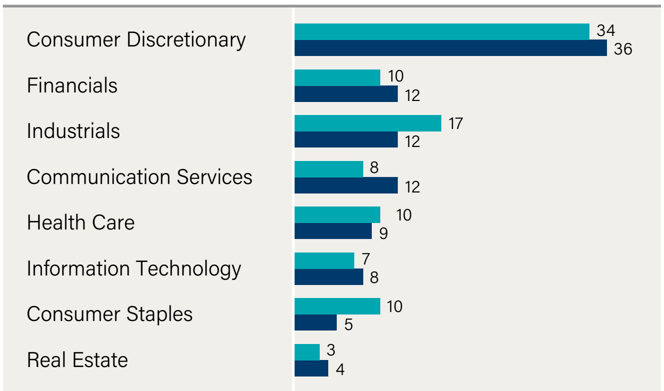
Disposition of Assets %



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
Caterpillar Inc	US	Industrials	5.2%
Birkenstock Holding Plc	Luxembourg	Cons Discretionary	4.5%
Zoetis Inc	US	Health Care	4.3%
Amer Sports Inc	Finland	Cons Discretionary	4.3%
Experian PLC	Ireland	Industrials	4.1%
Galderma Group AG	Switzerland	Health Care	4.1%
St James's Place PLC	UK	Financials	4.0%
Games Workshop Group	UK	Cons Discretionary	4.0%
Brent Crude Index (ICE)	US	Other	4.0%
Lottomatica Group Spa	Italy	Cons Discretionary	3.9%

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

This matters enormously for our portfolio, because we do not need the news to turn positive for valuations to recover. We simply need it to stop being catastrophic. When pessimism reaches the extremes we are seeing today, the base case for a re-rating is not optimism – it is merely less fear. History has been consistent on this point: the widest gaps between sentiment and fundamentals have also been the most rewarding entry points for patient investors.

There are also specific offsets the market is underestimating. It is estimated that the fiscal tailwind from President Trump's One Big Beautiful Bill will deliver an average tax reduction of roughly US$2,300 to lower and middle-income filers. For the workers who are the core customers of many of our portfolio companies, this is a genuine boost to disposable income, not a rounding error. Meanwhile, geopolitically driven energy shocks have a poor track record of permanence. When tensions de-escalate, oil prices will recede and the Federal Reserve's path to rate cuts – which was already underway before the Iran shock – could reassert itself. Again, that's a material boost to the sentiment of consumers.

What is happening to the underlying businesses we own?

The most clarifying exercise we can offer is a simple one: compare the noise in markets over the first quarter of 2026 with what our largest consumer discretionary holdings were reporting.

While investor confidence was hitting multi-year lows, our companies were reporting their full-year 2025 results. The contrast is striking.

COMPANY	FUND WEIGHT	SALES GROWTH (FY25)	OPERATING PROFIT GROWTH (FY25)
Galderma	3.9%	+18%	+28%
Birkenstock	4.1%	+16%	+25%
Amer Sports	4.1%	+27%	+45%
Games Workshop	3.6%	+17%	+29%

These are not companies scraping by. These are businesses growing operating profits at 25% to 45% annually.

Galderma continues to capture share in the aesthetics and dermatology market, where demographic tailwinds are structural rather than cyclical. **Birkenstock** has proven that a 250-year-old footwear brand can simultaneously grow volumes and hold pricing power; a combination that most consumer companies never achieve. **Amer Sports**, which owns Arc'teryx and Salomon among others, is executing one of the more impressive brand elevation stories in the global sporting goods industry. **Games Workshop**, the British miniature wargaming company that many investors have not yet fully discovered, is compounding profit at a rate that would embarrass most technology businesses.

Their share prices fell in the first quarter not because anything went wrong at the factory or the storefront, but because they were caught in broad sector selling. When investors flee "Consumer Discretionary," they do not discriminate between a structurally challenged retailer and a brand with decades of earned loyalty like Birkenstock and others we own. That indiscriminate selling is precisely where long-term opportunities tend to emerge.

Outlook: Separating the stock price from the business value

The market's message this quarter was blunt: the world is uncertain, so reduce risk. We are not dismissing the headwinds – they are real, and their effect on consumer psychology is visible. But we don't want to conflate a temporary decline in market mood with a permanent impairment of business *value*. A stock price is what the market will pay for a business today. Business value is a cold, rational view of what a business will generate for investors over the next decade. The two figures converge over time, but they can diverge dramatically in the short run – and when they do, the investor's job is to remain anchored to the latter.

Warren Buffett famously observed that the market functions as a mechanism for transferring wealth from the impatient to the patient. This quarter tested that patience meaningfully. Our conviction is that the businesses we own are better positioned today – and available at better prices – than they were three months ago. Our goal is to ensure that our investors remain on the right side of that transfer.

Thank you for your continued trust and patience.

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 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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