

Platinum International Fund



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Portfolio Manager

Overview

- The Iran war was a major influence on market performance during the March quarter. A near-term stabilisation, including the reopening of the Strait of Hormuz and normalisation of energy supply, would limit economic damage and reverse some recent market trends.
- During the quarter, companies were classified as either 'winners' or 'losers' based on their near-term exposure to geopolitical developments or Artificial Intelligence (AI) risk.
- 'Heavy assets, low obsolescence' companies, those with limited risk from AI developments, benefitted from the 'HALO trade,' while the share price of companies with perceived AI disruption risk fell significantly.
- The market is currently simplifying complex issues centred on short-term geopolitical uncertainty and potential AI disruption and undervaluing many high-quality businesses. For long-term investors, we believe this represents a compelling opportunity.

“Our lives at times seem a study in contrast... everything seen in absolutes of black and white. Too often we are not aware that it is the shades of grey that add depth and meaning to the starkness of those extremes.”

Ansel Adams

Performance¹

compound p.a.⁺, to 31 March 2026

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Fund*	-13%	-2%	2%	3%	11%
MSCI World Net Index [^]	-6%	8%	16%	13%	8%

+ Excluding quarterly returns.

* C Class – standard fee option. Inception date: 30 April 1995.

After fees and costs, before tax, and assuming reinvestment of distributions.

[^] Index returns are those of the MSCI World Net Index in AUD.

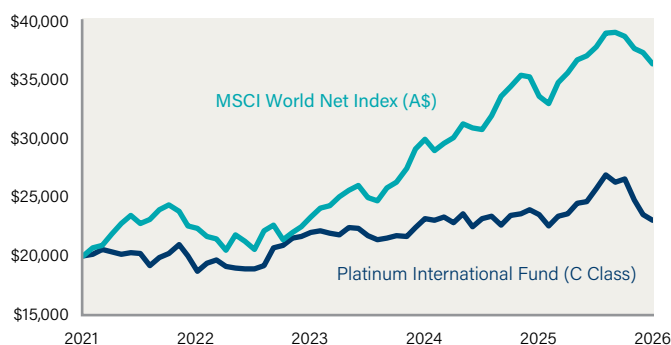
Source: Platinum Investment Management Limited, FactSet Research Systems.

Historical performance is not a reliable indicator of future performance.

See note 1, page 6. 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.

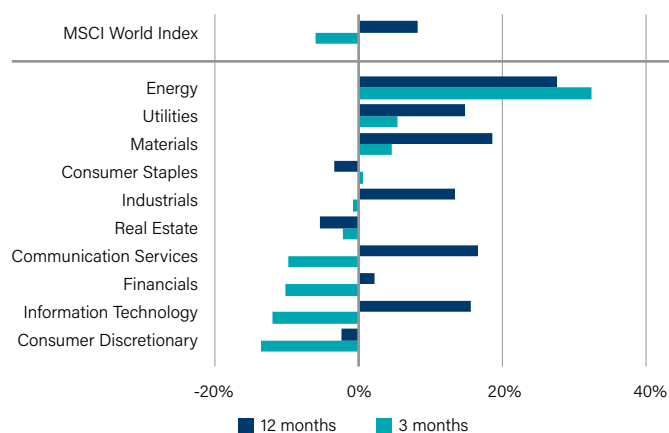
See notes 1 & 2, page 6.

Markets prefer certainty. Reality, as always, is more nuanced. During the quarter, markets defaulted to a binary view: companies were classified as 'white' or 'black,' either 'winners' or 'losers' based on Artificial Intelligence (AI) exposure or geopolitics.

Companies classified as 'heavy assets, low obsolescence' (HALO) or at limited risk from AI benefitted from the 'HALO trade,' while the share price of companies with perceived AI disruption risk, particularly in the software and white-collar employment services sectors, fell significantly.

In contrast, we see a far more nuanced set of outcomes, with many high-quality businesses being mispriced. Markets have increasingly rewarded near-term certainty and penalised perceived uncertainty, regardless of underlying business quality. While the market often moves quickly to a 'winner versus loser' framework, our experience is that outcomes tend to be more gradual, and more varied, than initial reactions imply.

Figure 1: MSCI World Index (in A\$) – Sector performance



Source: Bloomberg

Sector performance

At a sector level, Energy, Utilities and Materials outperformed, while Consumer Discretionary, Information Technology, Financials and Communication Services lagged.

Performance

We are clearly disappointed with recent performance. That said, the underlying operational performance of most portfolio companies remains strong – and, in our view, far stronger than recent share price moves suggest. The share prices of some of the portfolio companies have already rebounded significantly in early April.

Fund underperformance in the quarter was driven primarily by:

- No exposure to energy during a period of elevated oil prices,
- Share price weakness in high-quality businesses, particularly software, and
- Broad market preference for short-term beneficiaries of current conditions.

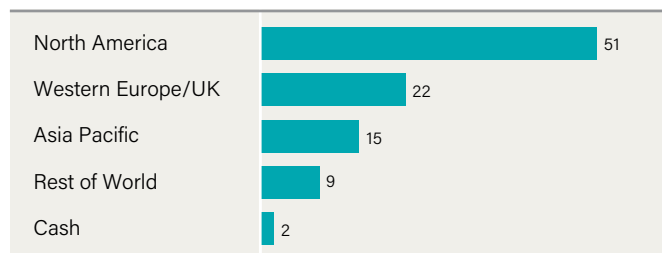
The market is currently overemphasising short-term outcomes and underappreciating the resilience and adaptability of high-quality businesses. This has created a divergence between share prices and underlying fundamentals, particularly in sectors exposed to perceived AI disruption or short-term geopolitical uncertainty.

We are using this dislocation to selectively increase exposure to high-quality businesses where our assessment of long-term value does not agree with recent share price weakness.

At the end of the March quarter, the Fund held 24 investments, with the top 10 positions accounting for 62% of the Portfolio. Cash at the end of the March 2026 quarter was 2%.

¹ All performance numbers are net of fees in Australian dollars unless otherwise noted.

Revenue Exposure by Region %

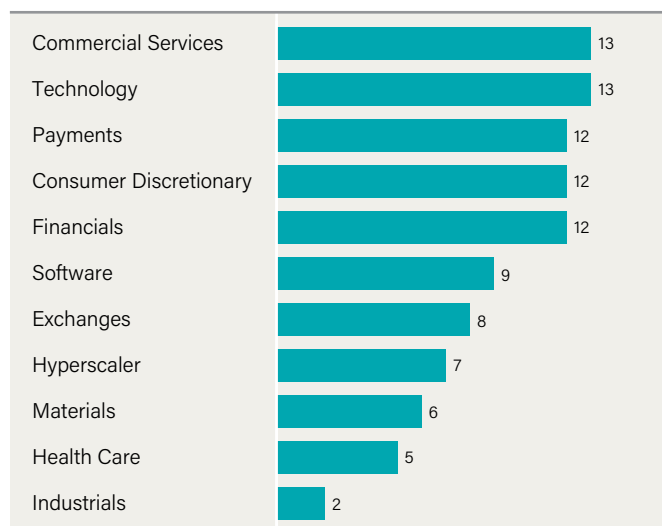


31 MAR 2026

Revenue by region is internally estimated on a look through basis based on the underlying revenues of the individual companies held in the portfolio. Numerical figures have been subject to rounding.

Source: Platinum Investment Management Limited.

Industry Breakdown %



31 MAR 2026

See note 3, page 6. Numerical figures have been subject to rounding.

Source: Platinum Investment Management Limited.

Top 10 Positions

COMPANY	INDUSTRY
AerCap	Financials
Amazon.com	Consumer Discretionary/Hyperscaler
Booking Holdings	Consumer Discretionary
CRH	Materials
Intercontinental Exchange	Exchanges
Jacobs Solutions	Commercial Services
Mastercard	Payments
Microsoft	Software/Hyperscaler
TSMC	Semiconductor
Visa	Payments

As at 31 March 2026.

Source: Platinum Investment Management Limited.

Market Capitalisation Exposure (in US\$)

MARKET CAP	TOTAL WEIGHT
\$100 billion+	58%
\$50-100 billion	19%
\$10-50 billion	19%
<\$10 billion	1%
Cash	2%

As at 31 March 2026.

Source: Platinum Investment Management Limited.

Key contributors and detractors

Four companies (**Booking Holdings**, **CRH**, **Intuit** and **Microsoft**) each detracted more than 1% from performance (measured in A\$), with a further six companies detracting more than 0.5% (in A\$). TSMC was the only meaningful positive contributor, although below the 0.5% threshold.

Software

Software has been a key area of market weakness in recent months, reflecting growing concerns around AI disruption.

The market is overestimating near-term disruption risk for high-quality software businesses, while underappreciating their ability to adapt and benefit from AI.

The Fund's core software holdings – Intuit, Microsoft and Salesforce – have not been immune to recent share price pressure. While Booking Holdings is not classified as a software business, it has faced similar concerns, particularly around the potential for large language models to disrupt search and booking processes.

Current market sentiment reflects a relatively simplistic view of AI's impact, with businesses broadly categorised as either beneficiaries or victims of technological change.

Outcomes are far more nuanced. Not all software businesses are equally positioned. The ability to successfully navigate AI disruption will depend on factors such as:

- Access to proprietary data,
- Deep domain specific expertise,
- Integration within customer workflows,
- Broad, well-established distribution,
- Trust, security, compliance and regulatory requirements, and
- Management execution.

Importantly, software coding alone has never been the primary barrier to entry for leading software businesses. While AI is lowering the cost of code generation, incumbents can benefit from AI too. Moreover, it does not replicate the substantive competitive advantages that established software businesses have built over many years.

Despite broadly stable near-term earnings expectations, valuation multiples across the software sector have materially de-rated.

In simple terms, the market is not responding to weaker near-term earnings – it is pricing in higher risk, greater uncertainty, and potential disruption – lowering what it thinks these businesses are worth over the longer term.

To illustrate this point, Figure Two to Figure Five shows the market consensus 2-year forward P/E ratio (today's price divided by expected earnings per share for the period 12 to 24 months from today) for Booking Holdings, Intuit, Microsoft and Salesforce. We do not want to get too technical, but these charts are illustrative and subject to important caveats. The consensus earnings are market estimates, not our own, and do not incorporate important financial analysis and adjustments we include in our financial modelling such as expensing share-based compensation.

In addition, these businesses have changed materially and for the better over the 15 years depicted in these charts. Microsoft today is nothing like the Microsoft of the early 2010s, with Office now a cloud-based software subscription business, expansion in a range of areas such as security, customer relationship management and gaming, while Azure (hyperscaler for Cloud and AI) was embryonic. Booking Holdings, Intuit and Salesforce have also fundamentally transformed over the past 15 years. Still, with all those caveats, the charts give a helpful visual perspective on how much the market has de-rated these businesses over recent times to reflect the perceived risks associated with AI.

We regularly speak to management of the companies we invest in. There is a common theme from management that they believe their company stands to benefit from AI, and from an investment market perspective they feel they are 'fighting ghosts' – perceived risks that are difficult to disprove other than through time and execution.

Returning to our Ansel Adams analogy, we see shades of grey rather than black and white outcomes.

Many high-quality software businesses are now trading at very attractive valuations relative to their long-term growth potential. However, we also recognise that uncertainty has increased, and as a result, these investments now exhibit a wider range of potential outcomes. Accordingly, we are prudently balancing both risk and return when considering overall exposure of the Portfolio to the software sub-segment.

Figure 2: Intuit forward PE ratio (2 year)



Figure 3: Salesforce forward PE ratio (2 year)



Figure 4: Microsoft forward PE ratio (2 year)



Figure 5: Booking Holdings forward PE ratio (2 year)



Source for Figure 2 – Figure 5: FactSet

Hyperscalers

The Fund has exposure to the three leading hyperscalers through Alphabet (Google Cloud Platform), Amazon.com (Amazon Web Services) and Microsoft (Azure). The investment debate around these businesses is clear. Hyperscalers are investing hundreds of billions of dollars to build the infrastructure required to support AI (and cloud computing). The key question for investors is whether this unprecedented level of capital expenditure will ultimately generate attractive returns.

In our view, the market is overly focused on short-term uncertainty and underappreciating the long-term structural opportunity.

This is not a “chicken and egg” situation. Investment must occur ahead of earnings and return on investment. Data centres take years to permit and build. Current demand for compute continues to exceed supply. While there may be periods of overbuilding or mismatches between supply and demand, we expect management teams to adjust capital allocation over time.

Our base case is that the leading hyperscalers will generate attractive returns on invested capital over the medium to long term.

Portfolio adjustments

We trimmed investments in **AerCap**, **Alphabet**, **HCA Healthcare** and **Weir Group** at prices around the top end of our assessed fair value range, with all of these businesses benefitting from positive sentiment intra-quarter.

The position in AerCap was trimmed due to strong outperformance and to manage the overall position size. We continue to have a very positive view on the business and its outlook, and it remains the largest holding in the Portfolio.

Alphabet’s share price has more than doubled over the past 12 months. This reflects strong performance in core Search, continued momentum in Google Cloud Platform, and better-than-expected progress in AI (Gemini). Today Alphabet has a market capitalisation approaching US\$4 trillion. Share prices and fair value are not always aligned, even for the world’s largest companies.

Weir Group was a recent investment by the Fund, with an initial position acquired in the September 2025 quarter. The business provides mining equipment and software across a diverse range of commodities and geographical regions. Weir holds leading market positions in core products, with a ‘profitable razor, more profitable razor blade’ business model. Weir provides attractive exposure to the mining industry through a ‘picks and shovels’ model.

Operating performance is not overly sensitive to individual commodity prices, but the share price tends to over-react to changes in the sentiment towards the commodity sector. While we are not traders, intra-quarter we were able to trim part of the position and reinvest at a price over 20% below our trim price.

We also took advantage of market weakness to initiate positions in two high-quality businesses that have been on our Bench for an extended period. We have been waiting patiently to invest in these businesses at attractive prices and will look to further increase the position size of these investments if there is additional share price weakness.

In addition, we increased exposure to a number of existing holdings where share prices had declined below our assessment of fair value. We remain mindful of increased uncertainty and continue to manage position sizes and overall portfolio concentration prudently.

Outlook

While markets remain focused on short-term outcomes and perceived risks, driven by sentiment and capital flows, our focus remains unchanged. We continue to invest in high-quality businesses with strong long-term fundamentals, particularly where current share prices imply overly pessimistic outcomes, providing compelling valuation opportunities.

Notes

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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 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".

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