Platinum International Fund

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Portfolio Manager

Overview

- It was the stocks the Fund **didn't** hold that drove relative underperformance this quarter with the semiconductor and semiconductor equipment sub-segment accounting for around 45% of the MSCI World Index return. In our view, momentum chasing has overtaken valuation discipline in some instances.
- **TSMC** and **Amazon** contributed significantly to returns while **AerCap**, **Alphabet**, and **Visa** also performed well.

Performance

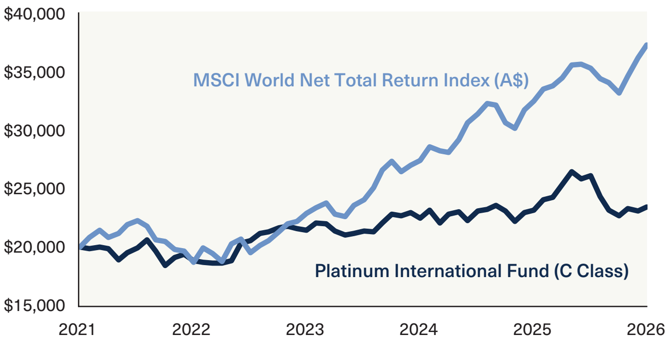
compound p.a.+, to 30 June 2026

	QUARTER	1YR	3YRS	5YRS	SINCE INCEPTION
Platinum Int'l Fund*	3%	1%	3%	3%	11%
MSCI World Net Total Return Index^	13%	15%	18%	13%	9%

+ 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 Total Return 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

30 June 2021 to 30 June 2026



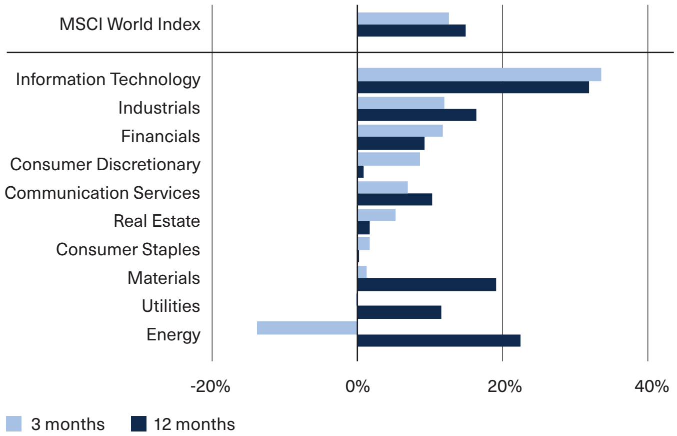
After fees and costs, before tax, and assuming reinvestment of distributions.
Historical performance is not a reliable indicator of future performance.
Source: Platinum Investment Management Limited, FactSet Research Systems.
See notes 1 & 2, page 6.

Market environment

It was very much a **'risk on' quarter**. At a broad sector level Information Technology delivered returns of more than 33% during the quarter. Industrials and Financials both returned around 12%, in line with the overall MSCI World Index return.

It was AI capex beneficiaries which predominantly drove market returns. The semiconductor and semiconductor equipment sub-segment accounted for around 45% of the MSCI World Index's quarterly returns.

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



Source: Bloomberg

Performance

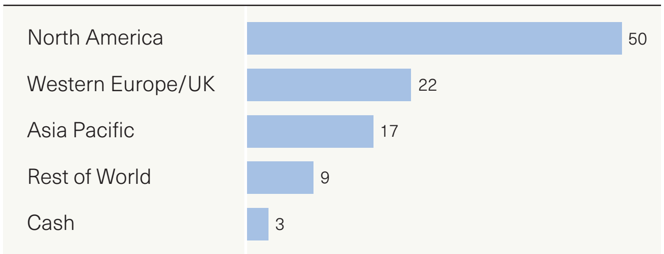
During the quarter, the Australian dollar appreciated modestly, up 0.3% versus the US dollar and 1.4% against the Euro, slightly detracting from reported returns. While the Fund's relative underperformance is disappointing, it was driven more by the investments **not held** in the Fund, than by which investments were held.

Individual company contributions to global market returns were highly concentrated in the quarter. Ten companies accounted for close to half of the MSCI World Index quarterly returns, with the remainder of the 1,300 plus companies accounting for the rest of the Index returns.

Some company share price movements were exceptional, with **AMD**, **Intel** and **Micron** each broadly tripling or more over three months. These companies accounted for just over 2% of the Index by market capitalisation yet accounted for 17% of quarterly returns. Not investing in these companies detracted from the Fund's relative performance. In our view, momentum chasing has overtaken valuation discipline in some instances.

Cash at the end of the quarter was around 3%. **We expect the Fund to hold 5% or less cash in most market environments.**

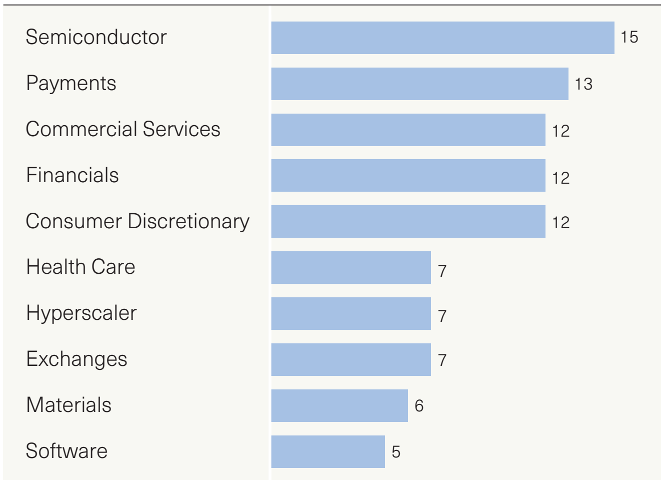
Revenue Exposure by Region %



30 JUN 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 %



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See note 3, page 6. Numerical figures have been subject to rounding.
Source: Platinum Investment Management Limited.

Top 10 Positions

COMPANY	INDUSTRY
AerCap	Financials
Alphabet	Commercial Services/Hyperscaler
Amazon.com	Consumer Discretionary/Hyperscaler
Booking Holdings	Consumer Discretionary
CRH	Materials
Danaher	Commercial Services
Mastercard	Payments
Nvidia	Semiconductor
TSMC	Semiconductor
Visa	Payments

As at 30 June 2026.
Source: Platinum Investment Management Limited.

Market Capitalisation Exposure (in US$)

MARKET CAP	TOTAL WEIGHT
$100 billion+	57%
$50-100 billion	22%
$10-50 billion	14%
<$10 billion	4%
Cash	3%

As at 30 June 2026.
Source: Platinum Investment Management Limited.

Key contributors and detractors

At the end of quarter, the Fund held 21 investments, with the top 10 positions accounting for around 65% of the Portfolio. **TSMC** contributed more than 2.0% to the Fund's returns, while **Amazon.com** contributed around 1.0%. **AerCap**, **Alphabet** and **Visa** each contributed around 0.5% or greater. **Intercontinental Exchange** and **Intuit** detracted from Fund performance.

TSMC, and to a lesser extent **Nvidia**, benefitted from the market favouring AI capex winners. Our valuation of both businesses continues to increase. They are both currently top five holdings.

We remain excited by the outlook for Amazon.com, both for the ecommerce business and Amazon Web Services (AWS).

On the ecommerce side, operational execution is consistently improving. Further increases in AWS's capital expenditure will see Amazon.com generating negative free cash flow. We believe the market is overly focused on near-term free cash flow and continues to underappreciate the longer-term structural opportunity for the hyperscalers and the potential returns on their AI-related capital investment.

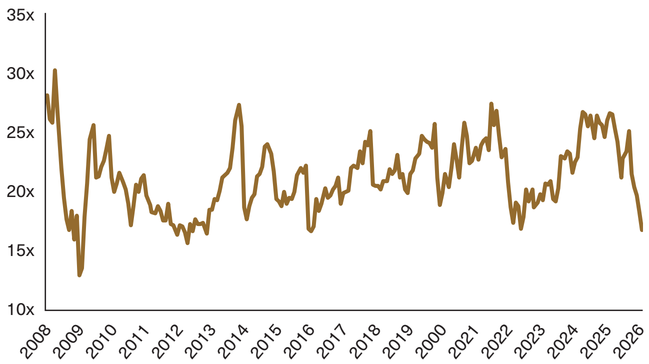
Amazon CEO Andy Jassy's April 2026 Letter to Shareholders[1] explored his perspectives on AI and how Amazon is positioned for a 'seminal shift'. Jassy shed some light on AWS's internal chip capabilities – we believe they are under-appreciated – as is the nearer term ramp in AWS capacity. In our view, both the ecommerce flywheel and AWS remain underappreciated and undervalued.

1 To read Andy Jassy's letter see www.aboutamazon.com/news/company-news/amazon-ceo-andy-jassy-2025-letter-to-shareholders.

AerCap, the world's largest aircraft and aircraft engine lessor, continues to benefit from **strong demand and constrained supply across both aircraft and engines**. Higher fuel prices associated with the Middle East conflict have contributed to some adjustment in airline capacity and increased pressure on weaker carriers, but we do not expect this to affect AerCap. It may present opportunities for AerCap's nimble management team. We expect another quarter of strong financial results and elevated buyback activity. Although the upside is more modest following recent share price appreciation, AerCap remains a high-quality compounder capable of creating significant shareholder value through sustained financial performance and disciplined capital allocation.

Intercontinental Exchange (ICE) is a high-quality business that is not particularly AI-sensitive and that we see trading at a compelling valuation. ICE is trading on a forward price to earnings ratio of around 17x, a level we have not seen since the GFC.

Figure 2: ICE 12-month forward P/E ratio



Source: FactSet

There are some market concerns around the impact AI may have on the number of people using ICE's proprietary data and analytics. We think this is a peripheral issue and unlikely to materially impact ICE. The larger market concern is that the Commodity Futures Trading Commission, which regulates many of ICE's markets, may authorise 'perpetual' derivatives and encourage competition in products such as crypto that could compete with established regulated exchanges.

These issues are complex and technical so this is an area where **detailed industry knowledge is critical**. We ***do*** expect pro-competition regulatory developments and, in some areas, increased competition for retail customers. Nevertheless, we view ICE's core franchises as well positioned for a range of legal, regulatory and commercial reasons. ICE management is also actively partnering with and investing in participants across crypto and prediction markets, positioning the company to adapt as the regulatory framework evolves. We modestly added to the ICE position at a price **well below our assessment of fair value**.

Portfolio adjustments during the quarter accounted for just under 10% of the Fund's investments.

The Fund increased its investment in **Nvidia**. This reflects our view that AI is rapidly becoming more capable and that AI capital expenditure will be 'stronger for longer.' We have followed Nvidia for years, but our first investment in the company was slightly less than 12 months ago. We had materially underestimated the growth in AI, the size of the addressable market and Nvidia's associated growth and profitability.

Since then, our earnings and cash flow expectations for Nvidia for the next few years have almost doubled. Yet the share price has 'only' increased around 15% since our initial investment. This has been reflected in a material derating of Nvidia's near term trading multiples. Market commentators are generally not concerned about Nvidia's short term earnings prospects. Their key concern is longer term loss of market share, and questions over management's allocation of Nvidia's immense free cash flow. We expect Nvidia will lose share within the entire 'AI compute pie,' but the rapid growth in the whole pie will mean Nvidia's smaller share still corresponds to very strong growth and financial performance. We are comfortable with Nvidia's overall capital allocation strategy. We consider Nvidia to be trading well below fair value today – an example of value to be found amongst all this AI exuberance.

> **"...the enterprise landscape has changed... The bar is now higher when it comes to all enterprise software."**
> Jacob Andreou, Executive Vice President Copilot – Microsoft, July 2026

In response to our concern that AI is potentially more disruptive to some established businesses and industries, several portfolio adjustments were made.

Salesforce is the clear leader in its software sub-segment, is well-managed and its business economics and financial position are strong. However, we think AI has significant implications for Salesforce. We sold into a bounce in their share price and used the proceeds to fund increased investment in Nvidia.

CDW is a leading provider in the information technology (IT) industry in North America and the UK. It is a value-added reseller for many of the leading IT businesses. Management is executing solidly in subdued market conditions. Most of the AI implications for CDW are second-order – for example, clients may spend less on the products and solutions sold by CDW and more on AI-centric solutions.

We divested CDW to fund larger investments in several high-quality businesses that are not AI sensitive and trading below our assessed fair value. They therefore offer a compelling investment opportunity for investors who are driven less by short-term momentum and have a longer-term investment horizon. Examples include **American Express**, **Apollo Group**, **Danaher**, **HCA** and **ICE**.

Microsoft is no longer among our top 10 holdings. We have rebalanced the portfolio weights between Alphabet and Microsoft. We remain comfortable with the Azure hyperscaler business although we believe it may be less well positioned than Alphabet's GCP and Amazon's AWS hyperscaler businesses:

- Microsoft is behind in developing its own chips to support AI workloads at lower cost and to reduce reliance on Nvidia.
- Azure had pulled back on some data centre investments. It is now capacity constrained and more dependent on neocloud capacity for immediate needs.
- Azure is more OpenAI-centric and less Anthropic-centric and recently Anthropic has been out-executing OpenAI. We still expect Azure to deliver strong growth and sound returns on its massive capital expenditure.

Of course, Microsoft is considerably more than Azure. Some of its businesses, such as Xbox, are struggling, while others, such as the Windows operating system franchise, face cyclical challenges. Microsoft 365 is of critical importance – especially the ongoing development of Copilot. Management changes have been made to improve performance.

Conclusion

Today's market is characterised by **both frothy exuberance and over-pessimism**. We see stretched valuations and considerable hype, but also compelling opportunities in high-quality businesses whose long-term prospects are not reflected in their share prices. The businesses in the portfolio are generally performing strongly, while their management teams continue to respond thoughtfully to changing opportunities and risks. **We are focused on quality, valuation and the avoidance of permanent capital loss**, and we believe the portfolio is well positioned to deliver attractive risk-adjusted returns for patient investors.

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 of the Fund 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. Where applicable, 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 graph 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".